

The week

Waiting on Italy

ITALY's sweet tooth will determine butter access to Britain for the next three years. Common Market agricultural ministers finally reached agreement on reduced butter quotas for the Dairy Board — 94,000 tonnes this year, 92,500 in 1982 and an amount yet to be decided in 1983 — subject to Italy withdrawing its objections arising from dissatisfaction on a sugar deal. If that is not forthcoming by March 10 the whole deal goes back into the melting pot.

POLICE assertions that they were acting independently without instructions from the Government when they arrested 48 picketing engineers at Auckland Airport were stretched thin in the ensuing industrial chaos which brought factories, trains, air and bus services from Whangarei to the Bluff to a standstill.

ATTORNEY-GENERAL Jim McLay turned down a stay of prosecution against those arrested in Auckland, including the secretary and president of the Auckland Engineering Workers Union, and the 32 pickets arrested at the Ravensdown fertiliser works in Dunedin a week earlier.

Meanwhile the Government is reviewing the law on picketing. And the cause of the furor: a claim by Air New Zealand's engineers for an Auckland cost of living allowance.

BANK staff provided the only good news on the industrial front. They called off their strikes and agreed to go back into conciliation on a 6 per cent skills allowance.

AND a jury found that over-drawing union funds by former journalists' union secretary Mike Conway was theft, as charged.

RADIO Hugh Templeton won Auckland FM radio pirates the

first round in their battle to keep the National Party to its 1978 election manifesto. The Broadcasting Tribunal will investigate and report on the introduction of high-quality FM broadcasting by August 31 and applications for licences can be made after September 30.

THE truth hurts, especially in election year. The Government Life Commissioner pulled the plug on an advertising campaign urging policyholders to update insurances because of inflation. The advertisement showed the increases in basic commodity prices over the last five years, the same time span the National Government has occupied office.

PETROL rose 4 cents a litre to 58 cents with similar increase on other oil based fuels.

A COMMON Market veterinary team arrived to inspect meatworks and prepare a report expected to condemn several major works unless substantial

upgrading is done to meet EEC health requirements.

CALTEX is proposing a string of North Island compressed natural gas service stations to be opened over the next 18 months.

The business week

Ernest Adams Ltd directors are calling a special general meeting on March 26 to propose a one-for-three bonus issue and to increase authorised share capital by \$500,000 to \$125,000.

Network Finance Ltd: unaudited net profit for six months to December 31 1980 was \$1,192,000 (last year \$925,000). An interim dividend of 3.75 cents will be paid on March 31.

Ampel Exploration Ltd will make a one-for-four cash issue of 50 cents ordinary shares at \$1.75.

The Wellington based Anthony Group has acquired a 35 per cent stake in Spedding Consolidated Ltd, including the shares previously held by Brierly Investments Ltd.

Crown Consolidated Ltd: unaudited net profit for six months to December 31 was \$540,000 (last year \$150,000). An interim dividend of 8 per cent will be paid on April 6. Crown Consolidated has received acceptance from 92 per cent of Canterbury Farmers Co-operative Association Ltd shareholders to its takeover offer and will seek to acquire the remaining shares.

Dalgely NZ Ltd: unaudited net profit for six months to December 31 was \$3,063,000 (last year \$2,938,000). An interim dividend of 7 cents will be paid on April 2.

Felix Finance Ltd: unaudited net profit for six months to December 31 was \$160,000 (last year \$115,000).

Golden Bay Cement Co Ltd: net profit for the year ended December 31 was \$2,118,219 (last year \$2,260,454). A final dividend of 8 per cent will be paid on April 28. Wilsons NZ Portland Cement Ltd became a wholly owned subsidiary on February 28.

MSI Corporation Ltd: unaudited net profit for six months to December 31 1980 was \$810,000 (last year \$1,229,135). An interim dividend of 10 per cent will be paid on April 8.

Mt Cook Group Ltd: unaudited net profit for six months to November 30 was \$65,096 (last year \$26,741).

National Consolidated Ltd: unaudited net profit for six months to December 31 1980 was \$5,017,000 (last year \$3,912,000). An interim dividend of 6 cents will be paid on April 28.

Repro Ltd: unaudited net profit for six months to December 31 was \$9,52 million (last year \$11.45 million). An interim dividend of 4.5 cents will be paid on March 31.

Rothmans Industries Ltd has acquired a one-third interest in Travelodge NZ Ltd in reorganisation that makes it equal partners with the Mount Cook Group and Southern Pacific Hotels after the sale of quarter-share interests by Lion Breweries and Fletcher Trust.

Southland Frozen Meat and Produce Export Co Ltd proposes to change its name to Southland Frozen Meat Ltd.

South Pacific Merchant Finance Ltd: unaudited net profit for six months to October 31 was \$618,612 (last year \$352,804).

The Bank of New Zealand owed \$500,000, installed a receiver at the Wairarapa based Tararua Cooperative Dairy Co Ltd.

Tolley Holdings Ltd: net profit for the year ended November 30 was \$2,005,000 (last year \$211,000 loss).

Williamson Jeffrey Ltd: unaudited net profit for six months to December 31 was \$321,144 (last year \$39,536). An interim dividend of 4 cents will be paid on May 1.

Economic indicators

RETAIL sales in the December quarter rose 18.2 per cent over the corresponding period in 1979. Seasonally adjusted it was a 1.5 per cent drop in volume over the September quarter which had risen 1.1 per cent since June. Furniture stores showed the largest downturn.

THE general price index showed input prices, excluding labour, rose 20.6 per cent in the year to December 30, rising from 22.8 per cent on the September year. December quarter prices rose 4 per cent, 0.5 per cent down on the September quarter.

PRELIMINARY trade figures for January showed a \$20 million deficit, a slight improvement on January 1980 when there was a \$24.6 million deficit. For the seven months ended January, the trade deficit widened from a \$143.6 million deficit in 1980 to a \$205.2 million deficit.

OVERSEAS orders in the December quarter eased to \$480 million from \$515 million in the September quarter. Private import payments for the year to June 30 are expected to be \$510 million, a 20.3 per cent increase on 1980.

MORTGAGE rates eased slightly in November, from 13.16 per cent in October to 13.09 per cent. New registrations also eased from \$283 million to \$236.6 million.

The week ahead

MONDAY: United for brigades national conference. Gisborne.

THURSDAY: Institute of Cost and Management Accountants conference opening investment, Wellington. Commercial transport exhibition, Wellington, all Sunday.

Waituku NZ Refrigeration AGM, Dunedin.

Exchange rates

As at February 26 NZ\$ selling:

Britain	1.08
US	1.08
Canada	1.08
Australia	1.08
Fiji	1.08
Austria	1.08
Belgium	1.08
China	1.08
Denmark	1.08
France	1.08
Greece	1.08
Hong Kong	1.08
India	1.08
Ireland	1.08
Italy	1.08
Japan	1.08
Malaysia	1.08
Netherlands	1.08
New Caledonia	1.08
Tahiti	1.08
Norway	1.08
Pakistan	1.08
Portugal	1.08
Singapore	1.08
South Africa	1.08
Spain	1.08
Sweden	1.08
Switzerland	1.08
West Germany	1.08
Western Samoa	1.08

The week

Aqua Avia Society silent over accounts

THE Aqua Avia Society has yet to release details of its financial position, despite an announcement a fortnight earlier that it would do so.

The secretary and acting chief executive of the society, Murray Tracy, has said the accounts will be available for the special meeting to elect a new board tomorrow.

He said his earlier decision to release the accounts had been revoked on reflection, because he felt it was the responsibility of the board to do so and not the secretary.

He would make the accounts available at the meeting but their release would depend on the decision of the new board.

Meanwhile, a judgment against the society for \$3045 in favour of Wellington Newspapers Ltd was recorded in the *Mercantile Gazette* on February 9.

Tracy said the \$3045 involved in the court judgment against the society had "been paid in full".

The society is still selling membership, although the first Skybus flight is in doubt, and

there have been extreme administrative difficulties.

The founder and former chief executive of the society, Man Thompson, is back in the country recovering from a heart attack. It is understood that personal financial problems will preclude him from taking an active part in Skybus in the near future.

Thompson's collapsed Haulways Corporation borrowed \$3.8 million — which Thompson personally guaranteed — from the Bank of Credit and Commerce International.

The BCCI is auctioning Thompson for the unrecovered portion of this \$3.8 million — perhaps about \$2 million when Haulways' receiver comes to the bottom line of the accounts. Thompson is defending.

Aqua Avia chairman Sir Reginald Barnwell is in Australia and may have difficulty attending the March 4 meeting if airline strikes continue to affect trans-Tasman travel.

Meanwhile, John Rutherford, a Christchurch lawyer, reportedly has talked about a

travel scheme different from the Skybus concept and says he will discuss it with Aqua Avia members at the meeting.

The director who Rutherford put on the board, Innes Wallace Kelly, also known as W T Kele, resigned after NBR telephoned him to interview him on allegations that he was wanted for questioning in the United States for violation of parole and other matters.

Rutherford said later that Kelly was no longer wanted by the police in the United States.

NBR sources confirmed last week that American law enforcement officers would like to interview Kelly, but did not intend pursuing extradition.

But the financial affairs of the society are the major question in the public mind.

Last December, then Skybus director Murray Purchase told NBR that public cautions by Justice Minister Jim McLay

and Foreign Affairs Minister Brian Talboys had brought life membership sales down from 300 a week to 150.

Purchase said then he did not know total membership figures.

In the previous four weeks, Skybus had spent \$40,000, \$20,000 of it on advertising.

Purchase said that while there was "stuff all" left in the society's kitty, he was confident Thompson (theo overseas) would arrange a leased aircraft and the half-million dollar deposit from an unnamed private investor.

No lease was subsequently arranged and none appears to be firming up.

The target first flight date continues to be deferred.

The only financial information released since last December was the recent claim by Tracy that the society has about \$150,000 in funds.

Gerry Symmans named National's election PR.

by Allan Parker

FORMER prime ministerial press secretary Gerry Symmans confirmed last week he will act as consultant to the National Party to help plan its election-year publicity campaign.

Symmans officially left his post as Rob Muldoon's press secretary last Wednesday. His replacement is former *Blackland Star* gallery man Brian Lockstone.

Symmans is also a principal in a fledgling news service, called Newzwell, with another former Muldoon press secretary, Peter Acland.

Last week, the Speaker of the House of Representatives, Sir Richard Harrison, decided to accredit Newzwell to the Parliamentary Press Gallery, despite what was reported to be gallery reservations.



Sir Richard... approves

Daily press accreditation to the gallery includes officespace and other overheads such as electricity and telephones in a prime downtown Wellington location at the taxpayers' expense.

Press gallery journalists have closed ranks on reasons for their reservations about the accreditation of Newzwell, which wants to operate a news service for subscribers about Parliament, central government and financial affairs.

An official statement said only that the decision was made by Speaker Sir Richard Harrison alone.

The gallery had expressed reservations to Sir Richard over the criteria for determining if

Newzwell should be given daily accreditation.

It still had those reservations but was bound to accept Sir Richard's decision, chairman Alistair Carthew said in a statement.

Press Gallery rules say an applicant for daily accreditation must produce a written authority that he or she is an accredited representative of a registered newspaper, newsagency, licensed radio station or television station.

NBR understands that the gallery's concern about the Newzwell operation centred on whether it should be regarded as a genuine news agency.

The former (and still current, in Symmans' case) political associations were also raised in in-camera gallery meetings to discuss the application.

An accreditation application, under gallery rules, must be endorsed by a majority of members. The result of the vote on the Newzwell application is not known, but one gallery source said the gallery initially voted against the application.

That vote, the source said, was over-ruled by the Speaker.

Symmans told NBR that the gallery initially decided to defer consideration of the application while it consulted the leaders of the main political parties.

He described it as "rather extraordinary" that independent political journalists should seek the views of the major political leaders about a membership application in the body.

Newzwell then approached the Clerk of the House, Charles Littlejohn, who decided the best way to resolve the dispute was to chair a meeting between the two parties, said Symmans.

As a result of that meeting, the gallery met again and decided to accede to a decision by the Speaker, he said.

Symmans confirmed that the dispute centred largely on whether Newzwell could be regarded as a news agency.

But, the New Zealand Press Association also sold its service directly to subscribers in much the same way as Newzwell would operate, he said.

He agreed that there were "political sensitivities" involved about the Newzwell principals' political connections.

"But the rules are quite

specific. The gallery has to answer one question and one question only when it receives an application for accreditation: whether the applicant is acting for a registered newspaper, a newsagency, a licensed

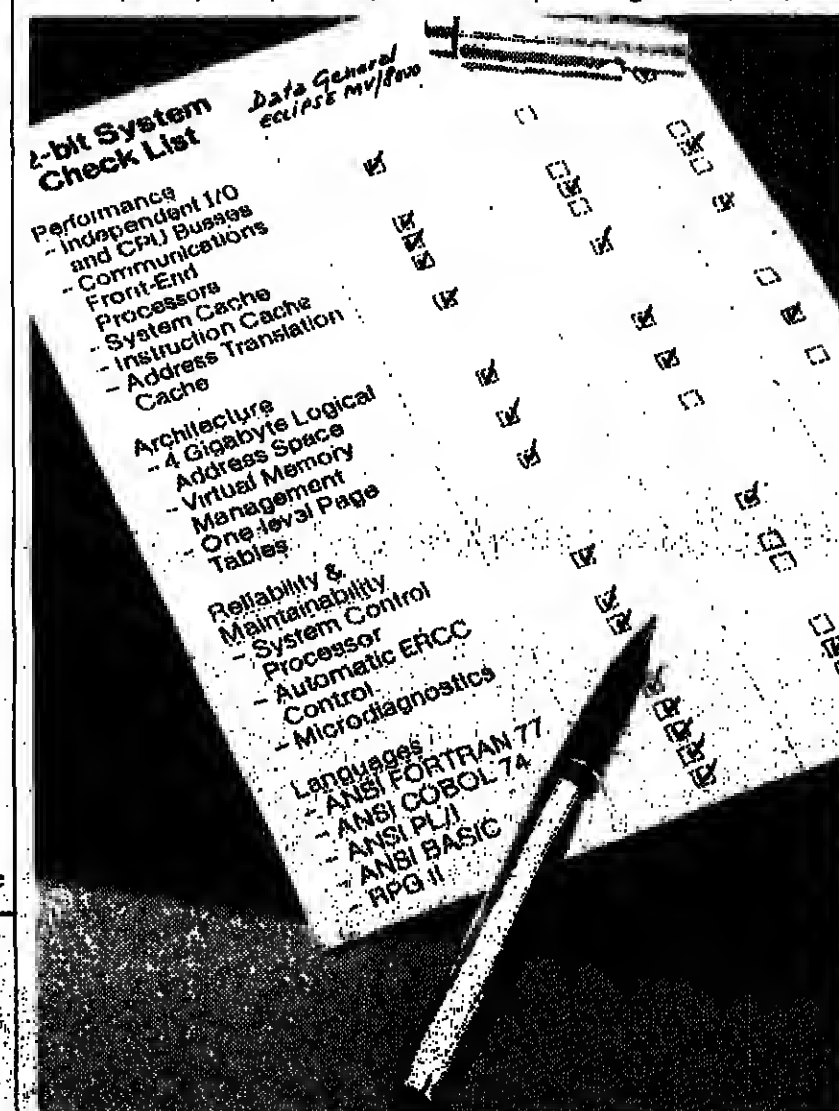
radio station or a television station," he said.

He pointed out that both National and Labour Party journals have had accredited representatives in the gallery in the past.

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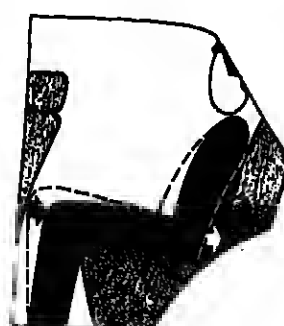
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TOYOTA Ahead in the 80's.

Govt, industry tackle unions on Maui gas 'bonus'

INDUSTRIALISTS and the Government are launching a two-pronged attack on trade unions which are blocking the use of Maui gas as an industrial fuel substitute for oil.

Through the State Services Commission, the Government is seeking to eliminate the cure problem, the danger money paid to 50 New Plymouth power station workers. This is being demanded by other trade unions on jobs using natural gas.

Meanwhile New Zealand Forest Products is attempting to break the deadlock at Kinleith. It wants to create a precedent by offering boiler operators only more pay.

Other potential major industrial users, such as Tasman Pulp and Paper's Kawerau mills, are reluctant to commit themselves to natural gas till the issue is resolved and the economics of gas can be determined.

Demands for wage premiums have already stopped two major companies connected to Maui gas from using it: Winstone brick kilns at Huntly and Forest Products Kinleith mills which have spent \$500,000 in the changeover.

Union demands for a stress or safety premium due back to an agreement between the State Services Commission and the Public Service Association in 1976.

That year the New Plymouth station, originally designed to burn coal and oil, started using heavier-than-air Kapuni gas.

An explosion in one boiler, modifications requiring the boilers to be pre-heated by burning oil, and an investigation by a state services tribunal, resulted in a special daily allowance (now \$1.38) and two extra weeks' holiday for all power station employees.

Similar allowances are being demanded by unions at Kinleith and at Winstone's Huntly plant, which was due to switch to gas-fired kilns last month but which chose to continue burning oil after employees refused to work without a gas allowance. Power station workers at Huntly also seek them.

The delays are worrying the Natural Gas Corporation. It had budgeted for Kinleith to start using gas from early last December and Winstone from early February.

Both users are needed to ensure the corporation takes the gas it must pay for from Maui Developments Ltd, the Shell-BP-Tedd-Petrocorp consortium.

General Manager Ron O'Mallahan said the corporation was not too worried yet by

the delays affecting Kinleith. But "if the unions win the day and there is a loading on gas over coal and electricity or oil, then the gas industry could be in a serious situation," he said.

The corporation has invested \$80 million in pipelines, and \$20 million of this in the branch line to Kinleith, and it has a \$11 million extension to Kawerau ready for construction as soon as Tasman agrees to switch to gas.

The Kinleith line has barely been used. Only small consumers at Tokoroa are connected.

Forest Products went back into negotiations with the Kinleith unions last week and the State Services Commission has indicated to the PSA that it is reviewing the allowances paid at New Plymouth.

Assistant commissioner David Swallow said the tribunal had approved the extra allowances till the station had been modified to make its operation no more hazardous than other thermal power stations.

Modifications have been

Kerry McDonald may be moving out — and on

INSTITUTE of Economic Research director Kerry McDonald is considering "options" for the future. His contract with the institute runs out in June.

"There is no basis for

speculation at this stage," he said.

He had had no other and had made no decisions about his future employment but had he ruled out renewing his contract for another five-year term at the institute, McDonald said.

Modifications have been carried out and recently the electricity division has been running "hot start" tests on one boiler using Maui gas and dispensing with the need for first firing on oil.

The commission contends that hot starting makes the operation no different from other thermal power stations and therefore there is no need for the special allowances.

One industrial source told NBR he had been informed that the commission intended cancelling the allowances from March 31.

But Swallow said the matter was "still under consideration and no advice had yet been given to the PSA" on any change.

PSA deputy general secretary Colin Clark said there had been no change in basic burner management as modified after the 1976 explosion at New Plymouth. A PSA ban on hot starts still stood.

If the allowances are removed, "it will be a deliberate

act of provocation... attacking the basic law of industrial relations — that you cannot take away from workers what has already been granted without a violent reaction."

The commission is determining its stand on PSA claims for a commissioning allowance at the Huntly power station, which will burn natural gas and pulverised coal.

Other unions involved with the Huntly plant are claiming similar allowances.

Workers at Meremere power station — which also burns pulverised coal — already get two weeks' extra holiday to cover the "stress" arising from the risk of explosion, noise and general working conditions.

Energy Minister Bill Birch has expressed the Government's concern at the PSA attitude — which is shared by the Federation of Labour and its affiliates.

"Their action is damaging the national interest as well as their own interests," he said.

Delays in commissioning new plants were losing firms

the commercial advantage of using natural gas and resulting in continuing high oil imports.

"New Zealanders must wake up to the advantages of using our own resources over those of the Arabs. The unions do not seem to have got that message," Birch said.

Last week, Forest Products was talking to the Kinleith unions on an agreement to use natural gas. Forest Products was proposing that those operators whose jobs required extra skills or responsibility would get more pay.

But the company's director of administration, Don Wiley, said "we do not hold the view that all the workforce should get an increase just because of gas".

Switching to gas will allow Forest Products to make "substantial" fuel cost savings. Wiley declined to go into detail, because "we are incurring huge cost increases almost daily and for any employee group to think they can negotiate in respect of one cost which happens to be a form of saving without regard to other costs lacks credibility," he said.

Employers' Federation studies estimate that the union claims could cost industry more than \$60 million a year.

The federation's director of advocacy, Max Bradford, said the overall savings from using gas would be "substantially less than that" on the basis of studies made on several potential users.

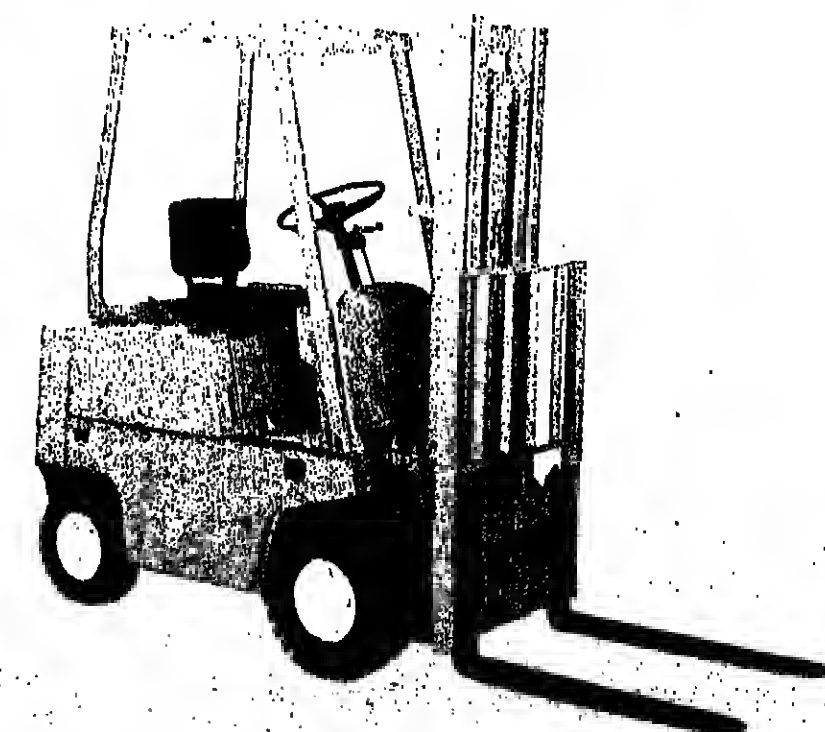
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Editorial

THE arrest of 32 trade unionists at the Ravensdown fertiliser works was the first arrest of picketers in this country since the 1951 waterfront dispute. Within a matter of days, the police arrested another group of industrial picketers, this time at Auckland Airport.

It was hardly surprising that the unions retaliated. And while they flexed their muscle in a series of crippling stoppages, Attorney-General Jim McLay deliberated on a dilemma: how should he exercise his power to stay proceedings? For him, it was a no-win situation. If he stayed the prosecutions, he would be accused of putting basic political considerations before the rule of law and of bending to union pressure. If he left the law to take its natural course, he would be accused of provoking the union movement and enhancing the prospect of nation-wide industrial paralysis. Again, he would invite the criticism of allowing political considerations to influence his decision, this time by letting the 1951 waterfront strike election strategy being repeated.

McLay had to weigh the issues under threat; FOL president Jim Knox insisted that no return to work would be recommended until the Attorney-General suspended court action against the arrested men. In the upshot, he chose not to intervene. His decision not only sparked the inevitable spreading of the stoppages; it also passed to the police the perplexing problem of whether to prosecute or not to prosecute. The police could exercise their discretion not to take the picketers to trial. But they, like McLay, would be anxious to avoid being accused of bending to union pressure.

From the strictly legal perspective, the issue is clear. Under the law, picketing is unacceptable. The law recognises the right of businesspeople to carry out their trade, and picketing interferes with that right. If picketers assemble on business premises and ignore requests to leave by the property owner, they are trespassing. They cannot be accused of trespassing outside the premises, but may be charged with a number of other offences, such as blocking the pavement.

In the superheated atmosphere generated by the fundamental clash between what workers perceive to be their rights and what employers, with the law on their side, can claim to be theirs, one thing became clear: the need to legitimise peaceful picketing. A first step should be reform of the law to bring it in line with British law, providing immunity from prosecutions and injunctions where there are genuine industrial disputes. British law has been moulded in the crucible of experience. The courts have generally upheld the rights claimed by employers to carry on trade and exclude people from their properties, but subsequent legislation has tended to counter the court decisions, and to give extra immunity to trade unions. There are seven leading British cases where Parliament has passed laws in the last 110 years to overcome court decisions, to give unions greater liberty, and to channel industrial disputes away from the courts.

It makes sense to put industrial matters under the jurisdiction of industrial courts and tribunals, if for no other reason than that grave problems arise when large groups defy the criminal and civil courts. Defiance threatens the foundations of law and order.

In recognition of this, there has been a tacit understanding between unions and employers in this country not to use injunctive procedures. There may be threats to bring injunctions, but the Employers Federation and Federation of Labour usually are anxious to step in to head off contentious confrontations. And after the Ocean Beach freezing works fiasco, in which the Government opted out of pursuing controversial prosecutions by presenting no evidence, the word "offence" was changed to "breach" in the Industrial Relations Act, to keep the police out of future disputes and to channel grievances into industrial relations courts.

The picketing problem is rooted in Section 33 of the Police Offences Act - introduced in 1913 after the Waihi strike - which makes picketing a criminal offence. But there is a political reluctance - or ambivalence - to update a law which, among other eccentricities, makes it an offence to let a stillborn serve a mare in sight of a public roadway.

The Act has been under review for several years. Party manifestos regularly promise reform; assurances of overhaul have been made in the Speech from the Throne for the last four years; McLay has promised new legislation this session. But equivocation is reflected in the Statutes Revision Committee report in 1974. The police want Section 33 kept to deal with "rude" behaviour (which has implications for Springbok tour protesters). The Justice Department wants a new provision, but argues there should be an offence of intimidation (which surely might preclude "peaceful" picketing).

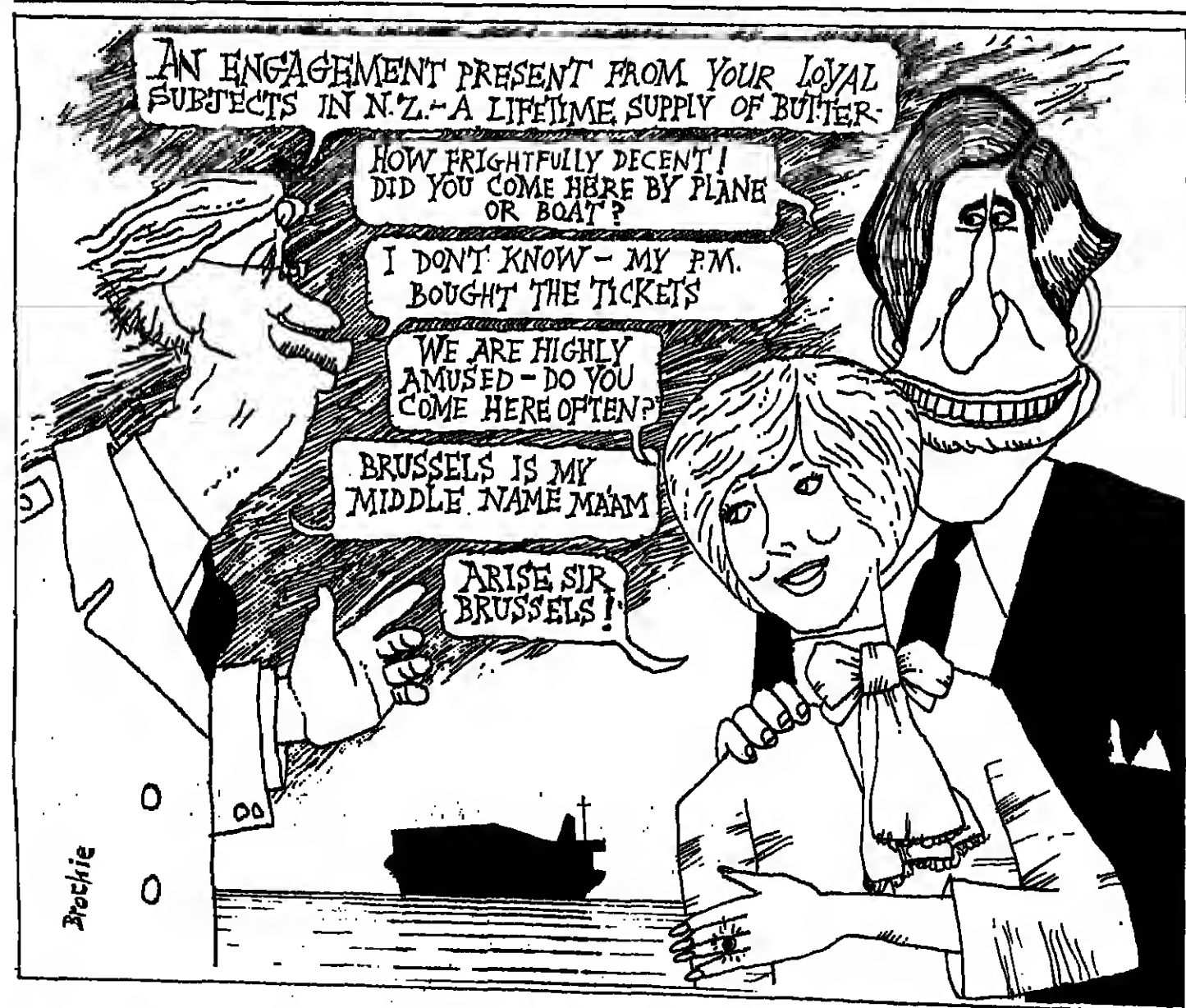
The union movement nevertheless might ask if this is the right issue to justify a general strike. It is not a wages issue, with which un-

impaired public can sympathise to a limited degree. Instead, it is an abstract point of principle and if the public at large has strong feelings on the matter, those feelings will be influenced by the income loss resulting from action taken to uphold the form of industrial action with which few have had - or will have - first-hand experience.

Mass arrests invariably present governments with a challenge. They make the law ineffective by clogging the court system, as the Hutton Point experience demonstrated. And for those who want to appear to be judicial martyrs, inviting mass arrests is easy. Militant unionists may then invoke the names of these martyrs to inflame passions by denouncing the imprudence of the "brothers" when organising industrial action. But don't forget that the Auckland strikers were not in jail because the police kept them locked up; they were there because they chose not to pay their dues. They may reject the idea that the rule of law comes first, and that unions - like the rest of the community - should live within the law to have it changed. Certainly that path is the slow path to reform. But it is the path that unions are entitled to flourish, no matter its weight in favour of property-owning classes, is to open the floodgates to a general flouting of the law. Civil disobedience can be effective in galvanising public opinion against a bad law. But classic exponents of this form of protest - Gandhi in India and Martin Luther King in the United States - at least were prepared to accept the consequences of their breaking the law.

- Bob Edlin

Brockie's view



Without word of a lie

Tuning in too late

If you miss an opportunity, then wait for you to come round again. That could be the pragmatic attitude being taken by the grand-mother of Wellington newspapers, the Evening Post.

The Post last Wednesday, February 25, reported a Broadcasting Tribunal decision for new short-term radio station to broadcast over the summer holidays from Paraparaumu, under the name Radio Kapiti.

Nothing like getting one's act together with a vengeance - the promoters of this commercial venture must be the first radio operators preparing for the Christmas rush in February.

Well, not quite. Radio Kapiti's its was in the year and used in from last December 26 to January 19, when it packed its transmitter and aerial and presumably for another year. Which means, of course, that having missed its opportunity to launch, the Post would have been best advised to hold its news item - a substantial stay on its TV page - another nine months, taking the gamble the Kapiti broadcasters have another nine months.

Flannelled follies?

YOU know that Aussie cricket really is the hard-slug business we all suspected when you read some of the press reports. The Australian Press is a case in point, with recent Mungo MacCallum reviewing the recent test between Australia and India.

We quote two paragraphs for illustration: "Bruce Yardley completed a duck. Like Senator Messner, in the Fraser Ministry, he seems to have his place in the team more to an accident of geography than to any innate talent."

And: "At lunch time we were treated to an exhibition of skipping by Melbourne's police cadets with ropes, not pay-offs."

Howzat!

by Ian McLean

THE biggest businessman in New Zealand is the State, whose departments operate the Post Office, the Railways, electricity generation and many smaller enterprises. These businesses are huge in terms of turnover, investment and staffed employment, and because of their size, their efficiency plays a key role in the growth of the economy and helps determine the number of jobs created and improvement in living standards.

I am convinced that the straitjacket of bureaucratic controls makes state trading departments work well below their potential, and holds back the progress of our country.

We have seen some of this in the Parliamentary Public Expenditure Committee. I am chairman of a sub-committee examining financial management in departments which trade with the public and the departments which provide services for other state departments.

We started this work because of the Auditor-General's concern three years ago that the quality of financial management in departments generally. The problems seemed worse in trading departments and we started with the Government Printing Office and the Forest Service, where major problems existed. We also looked in the architectural division of the Ministry of Works and Development and in a new examination of other trading and service departments.

The situation is an unhappy one. We found a grave shortage of qualified accountants. Most management accounting systems in the Forest Service and Government Printer were inadequate or useless - an exception being the system used by the commercial division of the Forest Service, which operates sawmills.

The financial reports - the annual accounts - did not show what the business was doing. No one was fiddling the books, and the cash was all accounted for, at least as far as the rigorous Audit Department could tell. But the accounts didn't help management improve its efficiency, didn't allow the profit or loss to be determined accurately and didn't help much in deciding what prices should be charged.

We are looking beyond these few departments, and have surveyed all trading and service departments to see how adequate their accounting and financial reporting systems are.

From the departments' own replies and some external assessment by the Treasury and Audit Department, it looks as if one-third have systems

which are adequate, another third are carrying out major improvements and the rest are inadequate - improvements have not started or are just beginning to be investigated.

All businesses need to up-date and improve their financial systems, but no big business could get as far behind as some of the state departments and still survive in competition.

The accounting side was bad enough, but we found worse problems when we looked at the Forest Service. The centralised bureaucratic controls make it almost impossible to run an efficient business.

Money allocated for one purpose - say, clearing ground and planting trees - can't readily be switched to other purposes - say, construction of logging roads - if it needs change. New capital works require specific approval as well as provision of funds. The purchase of stores is controlled through the Government Stores Board, although many of the problems here have been eased with increased delegation.

The total staff employed are subject to a staff ceiling, senior appointments are made outside the department, and transfers of ineffective managers is difficult at senior levels. Dismissals seldom occur, particularly at senior levels.

These centralised bureaucratic controls would stifle any business. The good people in state trading departments are working with their hands tied. But for the high standard of professionalism and the good quality of staff employed, the results would be total disaster.

State servants may ask: "What's new? The problems are widely known and accepted". The people who deal with state trading departments may feel equally surprised that I should feel so strongly about what they feel is common knowledge.

Indeed, throughout the world, state trading departments are notoriously difficult to run. Even in Communist countries where the state is god, the poor achievement of state trading concerns is recognised as a critical economic problem, and major changes are being made, for example, in Hungary.

While we in New Zealand keep big businesses run as state departments, we will continue to pay a heavy price.

I do not suggest that the solution is simply for the State to close down or sell its trading departments, although this can be desirable in some instances. We have to find other ways.

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Up a creek...

THE Statistics Department must employ 1500 people to collect data from 1 million dwellings to produce the who, what, and where and how many for the latest census.

But, down in its Wellington office, there is a large sign telling would-be dataphiles where to go for a census interview. And if they can't spell a single word, it remains to be seen how well they can count.

Sniffing at publicity

FOR politicians in election year, the only bad publicity is no publicity.

But Opposition Leader Bill Rowling has his own thoughts on the matter - and party publicists must wring their heads sometimes.

Rowling was in Auckland "meeting the people" and preparing for his party's rally in the city. But on Monday, the day before the big event, he came down with a bad bout of flu and his aides had difficulty getting him a doctor quickly.

Eventually, they fell back on local party resources and summoned Dr Ian Scott, the candidate for Eden, who promptly prescribed a rest.

So there they were, leader and candidate. One sitting, the other dutifully ministering to his needs. A good story. And photograph? Uh-uh, said Rowling, through his aides. And they dutifully advised the press that he did not want a photo taken.

"Would you want yours taken if you had the flu?" one aide asked a reporter.

More to the point, reporters aren't Leaders of the Opposition in election year. Or are they?

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Business — it's no business for bureaucrats

by Ian McLean

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delegation, for instance in the financial area by using "evolving funds" or "bulk allocation" of funds.

The major problems, however, lie in the very basis of state departments and are insoluble while the business remains a department of state.

Departments are responsible to Parliament for the detail of their operations. Thus, politics influences commercial decisions - not just through politicians but through the political demands citizens make on elected representatives. Decisions about postal charges become entangled with issues such as welfare payments.

Trading departments have to abide by the same rules as other departments, like Foreign Affairs or Health Department, while they are part of the departmental system. What happens in one area affects others, such as in capital expenditure or pay-fixing. The weight of tradition and institutional inertia makes it impossible to introduce two quite different sets of control procedures for trading and non-trading departments.

State departments are run by bureaucracies. All bureaucracies depend on tradition and precedent - so that every case is dealt with consistently they are run by what is in their files. Such an approach is necessary in income tax administration, but brings stagnation to any business, public or private, which is dealing with changing technology and changing markets.

The taxpayer quietly picks up the losses from state trading departments. Generous underwriting takes away the urgency to avoid losses and, in any case, the lodging of profits in such an anonymous place as the Consolidated Account makes it seem less important to achieve them.

I have not discussed who should own these businesses, such as the Railways or the Government Printing Office - that is a philosophical question. The practical question is how best to run those businesses that the state still owns.

Some can remain as state departments, but be given greater delegated authority and a clear commercial target.

The key to their efficiency must be a requirement to provide a satisfactory return on

capital, after any social services have been funded. The changes taking place in the MOWD architectural division will enable that division to determine just how well it is doing in comparison with private practices.

Some trading departments can become government corporations. The major effect of such change is to cut across many detailed controls, and to give a board of directors the responsibility.

In my view corporations can be useful where there is an important non-commercial service to be provided (non-commercial radio), or a monopoly (Railways).

A move from departmental structure to a corporation is a major step forward. A drawback is the traditional close link between corporations and the state services procedures, and, hence, many undesirable detailed controls remain.

Most state trading operations would run as limited liability companies, even if, as the case of the Bank of New Zealand, the State continues to own all the shares. Only by making such a break can the detailed bureaucratic controls be sufficiently broken.

At the same time, the detailed controls must be replaced by the ultimate controls which operate in the private sector - whether it be a hard dog stand or a major insurance company. If the company does not do well it gets reorganised and the managers get transferred or fired - up to the chief executive and board of directors.

Let me summarise: The state is the biggest businessman in New Zealand, and runs most of its businesses as departments of state. Good people are working in state businesses, but their hands are tied by bureaucratic controls.

We need to transform the state businesses into corporations or limited liability companies as soon as possible. Thus, the state businesses can play their full part in promoting economic growth to create jobs and improve living standards.

Ian McLean, National member of Parliament for Tararua, outlined these views to a service club meeting in Rotorua.

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Economics Writer

THE Employers, Manufacturers and Retailers Federations, along with the Chambers of Commerce and Federated Farmers sponsored a seminar in Auckland last week to discuss four alternative taxes on expenditure. The 250 participants decided that more study was needed before a choice could be made.

Value added taxes (VAT) could be used to shift the burden of taxation away from personal income tax. The seminar concluded, but participants also saw some merit in a direct expenditure tax and a retail turnover tax.

The existing wholesale sales tax was unpopular with just about everyone. As speaker Peter Stannard, company director, summed up: "The present tax system leaves little doubt that many tax ideals were sacrificed long ago in the scramble for revenue."

"Instead of concern with genuine welfare problems and bringing about a more egalitarian distribution of income and wealth, through public finance, we have a taxation system that is in some ways economically unsound and which fails to meet the 'ability to pay' and 'equal sacrifice' concepts."

Law Ross, known for his chairmanship of the most highly regarded committee to review taxation, placed tax reform in context. "Tax reform is no panacea. It will not solve other economic problems on its own."

He feels we are becoming enslaved by the Price Index. The Australians recently decided not to switch to indirect taxation because of its effect on inflation. Ross's solution is to calculate the consumer's price index differently so that the price effect of direct taxes is included in the base — just like indirect taxes.

Fringe benefits under the tax base. Ross calculated that if they were taxable, there would be flexibility to reduce other taxes by around \$370 million.

National MP Michael Cox

US production INDUSTRIAL production in the United States increased 0.6 per cent in January — the sixth consecutive month to show an increase.

The January figure continued a trend of slackening growth that began in October, and the overall industrial production index was still 0.6 per cent below its level 12 months before. But the continued rise in production — coupled with other positive indicators, such as rising retail sales — indicates that the economy may be somewhat stronger than many economists had forecast for the first quarter of 1981.

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Economics

Private sector studies tax reform, still undecided



Michael Cox... favours VAT



Peter Stannard... critical

why licensing the retailer would create problems. Certainly any problems would be less than licensing everybody's would be required by VAT.

Donald Brash, general manager of Broadbank Corporation Limited argued strongly for reducing the burden on individual earners by proportional income tax and a direct expenditure tax.

Brash noted that the marginal tax rates facing a large

proportion of work force are extremely high, both relative to other countries and in absolute terms. A person earning \$13,000 a year has an average income tax rate of 27 per cent, which is not too bad, but faces a marginal rate of 48 per cent. This is a high marginal rate at levels of remuneration which are not much above average.

Such high marginal rates lead to tax evasion and avoidance.

Brash claims that the present drive to get out of paying tax has reached epidemic proportions with staff, of widely varying levels of skills and responsibility, pushing for a part of their remuneration in the form of a company motor vehicle, parking facilities, subsidised accommodation, below market mortgage loans and other perks. One company provides nearly half of the staff with company motor vehicles. No wonder the staff ask for such tax-free advantages with the pre-tax cost of running a car approaching \$6000-\$8000 a year.

One way to reduce marginal tax rates is to tax a broader definition of income (earnings as well as fringe benefits) at a proportional rate of tax. Brash thinks a marginal rate of 22 per cent would not act as a disincentive to work or as a significant incentive to avoid or evade taxes. This rate of tax would raise nearly as much tax as the present progressive income tax structure.

Brash is concerned about the political problem of introducing a tax of this kind.

The poor would be paying more tax than they are now and the rich would be paying at a lower rate. One way around this is to adjust social security benefits and rebates so that those on low incomes are not disadvantaged. And, while the rich may be paying at a lower rate, a proportional tax may still bring about a rise in the amount of tax they pay since it will be assessed on a wide range of income, including motor vehicles and other perks, which are presently exempt from tax.

To offset any remaining residual inequity, Brash suggests a direct expenditure tax for those on high incomes. The calculation of an individual's direct expenditure would be almost as simple as calculating what one spends on an overseas trip, according to Brash.

Participants at the conference were excited by Brash's proposals, but they were worried that his changes might be too radical. So like the conservative group they were the private sector taxation group opted for further study.

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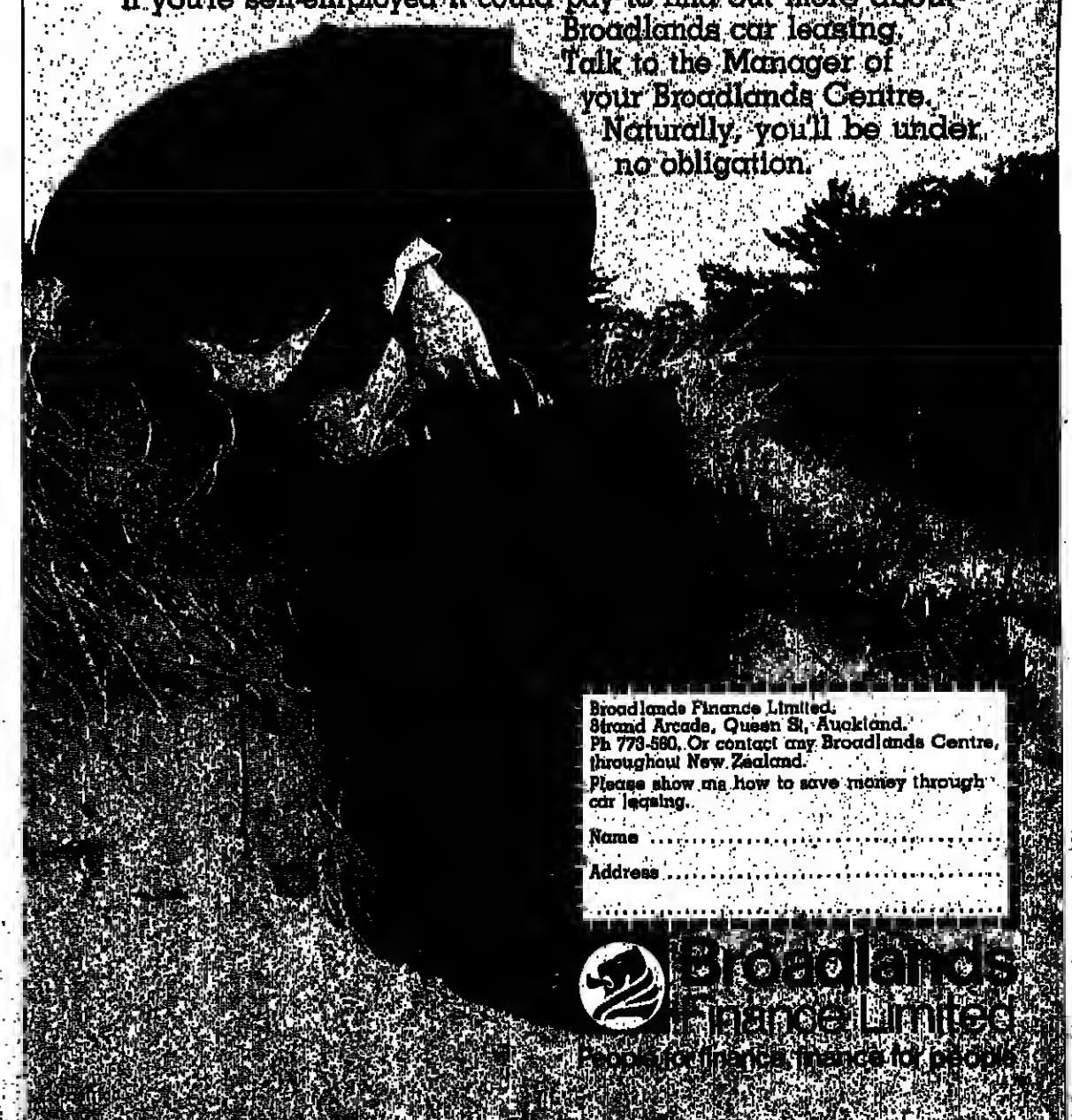
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Why we're kept continually in the economic dark

THE Bank of New Zealand's chief economist, Len Bayliss, has put his finger on the country's economic problems so often it is surprising that he has any fingers left.

Bayliss spoke up again recently at the summer convention of the Accountants Society Wellington branch.

"Currently because of a substantially over-valued exchange rate, massive and unevenly distributed producer subsidies, extensive import protection and widespread domestic licensing procedures, the price/profit mechanism is so distorted in New Zealand that resource allocation is virtually impossible - in other words, while the present situation remains our scarce capital and skill resources will continue to be misallocated to the severe detriment of the long-term growth of production and employment".

Bayliss went on to say that there are circumstances which justify producer subsidies. "Such subsidies should not be concealed as at present but should be itemised in the public accounts, open to parliamentary and public scrutiny and their costs and benefits debated and evaluated".

There is, unfortunately, little chance of that happening under the present system of "parliamentary and public scrutiny", where ministers and their departmental mandarins operate on the "tell 'em nothing" policy.

Unless some enlightened person drafts appropriate legislation based on the Danks report, that is unlikely to change, because one of the exceptions in the report included matters affecting New Zealand's economic stability.

We already have that weird piece of legislation, the Econ-

PETER V O'BRIEN comments on the financial and business week, appraises the share market and analyses the company accounts.

omic Stabilisation Act of 1948, which allows the Minister of Finance to do virtually anything under regulation if the proposed action is thought necessary for New Zealand's economic stability and welfare.

There is a continuing debate on the devaluation question, and there are merits in both arguments. Some follow Bayliss and want a substantial devaluation, while others opt for the present official policy, usually referred to in the addresses of Reserve Bank governor Ray White.

The "creeping" devaluation system is said to keep us in line with movements in overseas economies, related back to our trade patterns, and avoiding the

disruption of a sudden large-scale realignment of the currency.

Bayliss sees the need for co-ordinated economic policies over a wide front so that a large devaluation will be effective. But the problem is a political one.

The control of the New Zealand economy is in the hands of pragmatists (who prefer the term "realists"), and that will continue to be the philosophy, irrespective of who is the government.

If Social Credit were ever to form a cabinet, those economic radicals, or backwoodsmen, depending on one's viewpoint, would soon find their theories diminished under the weight of

Treasury reports, most of which the public never gets to hear about.

In his address to the accountants, Bayliss repeated the policies he advocated to another group in June 1980 (NBR, June 16, 1980).

They include the devaluation, tariffs replacing import licensing, no increase in real Government expenditure, a reduced budget deficit by elimination of producer subsidies, a reduction in corporate tax to take account of inflation, interest rates higher than the inflation rate, reduced money supply growth through a lower government deficit and sales of government securities at competitive market prices, removal of government and private restraints on competition, and on incomes policy where the main burden of restraint in the initial period is carried by the higher-income groups.

That should sound like good common sense to all the advocates of free enterprise and less government control who eagerly grab NBR each week to read the weekly material in this class, upmarket publication.

Of course, it is common sense, until it hits the individual free enterprise.

Although my phrase of some years ago has been stolen by politicians, it is still valid. "People who are capitalists when they make a profit and socialists when they make a loss".

But this phenomenon is not confined to New Zealand. The question is, should an economy or company readjust with a period of pain (often for people in the workplace who will suffer the results of the management's incompetence) whether the case be Chrysler, a New Zealand company which failed to keep up with market trends, technology, and the development of new materials and products?

That is at the heart of every economic debate in the developed countries, but there is a difference in our debate. The debate seems to have been won before the spools take the platform.

A three-year, one-chamber parliamentary term, and a lot of information on the record for decisions, compounds the problem. That is possibly the main reason why most of Bayliss' proposals will not become part of the New Zealand economic base.

Analysing annual accounts: Waitaki NZR

THE annual report of Waitaki NZ Refrigerating Ltd is interlarded with historical records, on the occasion of the company's centenary.

The accounts contain the odd matter which would be better suited to historical records, although Waitaki's reports are always well ahead of the rest of the meat industry.

The company was one of the meat groups to disclose its taxation liability, rather than hiding behind the Freezing Companies Exemption Order.

It could go further and tell the readers how much it receives by way of export incentives. A note to the accounts says: "The amount of taxation provided for the financial year ended October 1, 1980, differs substantially from the amount provided for the prior year of \$7,062,938 because the current year's provision has been favourably affected by a combination of the level of export incentives available to the group, tax loss subventions between companies in the group, other deductions claimed for New Zealand income tax purposes, as well as a reversal of prior years' provisions for income tax no longer

required, final tax assessments for those tax years having been received".

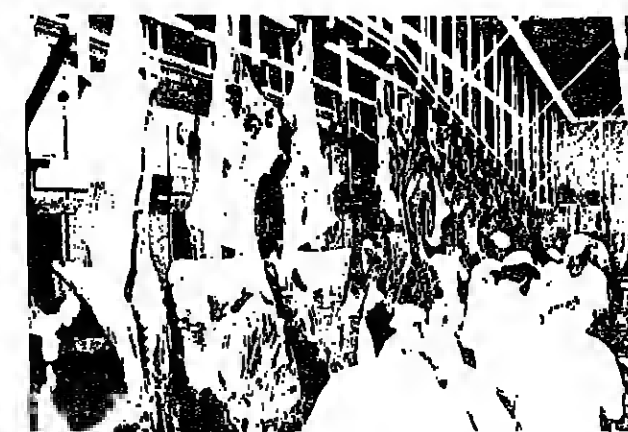
All very informative. But what were the various amounts which reduced the tax liability from 39.3 per cent of pre-tax profit (excluding minorities and equity accounting of associate companies) to 25.9 per cent in 1980?

Tax has an important effect on the results of large public companies, and the nature of the reductions should be disclosed, to allow a sensible assessment of the group's likely performance in the current year.

Waitaki's lower taxation liability was largely responsible for the substantial improvement in net profit before minorities, equity accounting and extraordinary items.

Pre-tax profit went from \$17,944,444 in 1979 to \$18,051,271 last year, but the drop in tax put the after-tax figure at \$13,367,615, compared with \$10,881,506 in 1979.

The group lifted all its returns as a result, so the infor-



mation is necessary to work out how the munificence of the Government's fiscal policy contributed to the better profit performance.

The addition of minorities, equity accounting of associates and extraordinary items raised net profit from 1979's \$11,876,011 to \$15,525,288.

When depreciation is added back (to produce cash flow) the return on total assets in terms of cash flow was 9.85 per cent, as against 8.83 per cent in the previous year.

The apparent small change is due to the company's size. Waitaki had assets worth \$225 million at balance date, although the book value probably has little relationship to their true "worth".

A balance sheet notes says that buildings have a value for indemnity purposes of \$138.8 million, while the book value is \$65.1 million. The indemnity value of plant and equipment is \$134.4 million, compared with \$34.1 million in the books.

The report lacks current cost accounts, so one can only guess at the result under an inflation accounting system.

CCA has several anomalies, some of which the experts have argued back and forth here (NBR, February 9), but the change from an historical accounting system may be dramatic in Waitaki's case.

Other items in the accounts are straightforward, subject to the omission of expenses from the profit and loss account.

The company's shareholders funds were \$112.9 million at balance date (including the share of associate companies' reserves), providing a net asset backing of \$3.29 for each \$1 unit.

That statement would give meaning to this comment in the managing director's review: "Tekau (Knitwear) was not exempt from the trials that the whole textile industry in New Zealand has been going through and a loss was again incurred". How very interesting, in the absence of the dollar loss.

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We've had the bad news,

THE sharemarket needs a solid dose of good news to break out of its dull patch. The Winstone affair made investors cautious, while the preliminary figures from Iron Works-Dow, and a disappointing interim report from Dalgety, reinforced that attitude.

Both companies serve rural industries, although they have other interests associated with secondary industry.

Farmers are supposed to be having a good year, so Dalgety may improve its profit in the period from January to June.

Companies involved in the stock and station industry traditionally earn most of their income in the second six months, which coincides with the peak of the lamb season and the resultant inflow of export receipts.

The market will wait and see what happens in the next few months before pushing up major companies to fancy prices.

Winstone's problems raise an interesting issue about the company's 1981 accounts.

Assuming that profitability from the Karoi mill remains under pressure, due to a low demand for the product, and that other companies decide not to get involved in the operation,

Winstone may have to do something about the value of its investment in the mill.

That is an accounting question, but it eventually has an effect on a company's share price. The market has reacted to the share price since the takeover, but it will put the share under pressure if the annual accounts contain several provisions against the mill operation.

Conversely, the market knows something about the financial difficulty (but not enough, as mentioned here last week) and it will look cynically at the annual report if the balance sheet shows that everything is sweetness and light.

Winstone's problem could have spinoffs to other companies.

Such a sharemarket does nothing for the few bulls still extolling the longer-term virtues of equity investment.

They also affect the prospects of the companies which will approach shareholders for funds this year through cash issues.

Cash issues have three attractions. First they will allow companies to get their gears back into order, after many issues of fixed-interest securities in recent years.

Mid-East trade liaison group

GROWING contacts between Australia and New Zealand and the Middle East have prompted the establishment of a new group to provide a platform for the exchange of ideas and information about that strategically and financially important region.

The Australasian Middle East Studies Association (AMESA) hopes to interest scholars, teachers, the business community, the media and government agencies in contributing to this exchange.

The New Zealand convener is Dr Ron MacIntyre, senior lecturer in Canterbury

University's political science department.

Announcing the new group he said: "We believe that it would be in the interests of the Australasian as a whole to promote the exchange of thoughtful, informed views on the Middle East to assist, among other things, in the making of sound foreign policy judgments in Canberra and Wellington".

Contributing to this exchange in recent weeks have been the visits to New Zealand by an Egyptian trade delegation and Bahraini Finance Minister Ibrahim Abdul-Karim.

we need good tidings



Karoi... Winstone's headache.

Secondly, the strong rise in share prices since October gives companies the opportunity to raise capital with a large premium, that was the case 12 months ago.

That boosts the share premium account, which can then be used for tax-free dividends, to the pleasure of the shareholders.

(The dividend is hardly "tax-free", because the shareholders are only getting back what they paid as a premium on the new shares, so it is better to describe the payments as a "cash distribution from capital reserves").

Finally, if capital is raised at a good premium, the effective outflow by way of dividend may be reduced when treated as a cost of money.

Interest rates show no sign of retreating, in spite of the Government's desire, so a cash issue can cost the company less than an issue of fixed-interest securities, depending on the size of the premium and the level of dividend payment.

Timing is the problem. Prices will ease if too many issues come to the market while it is reacting to bad news.

And timing will be vital when Fletcher Challenge decides to raise more capital; a possibility discussed in NBR (December 5, 1980).

The company will need funds from shareholders in the next year to 18 months, a point which some institutions have accepted and incorporated into their investment plans.

Any issue from Fletcher Challenge will probably be the largest equity fund-raising exercise in the market's history.

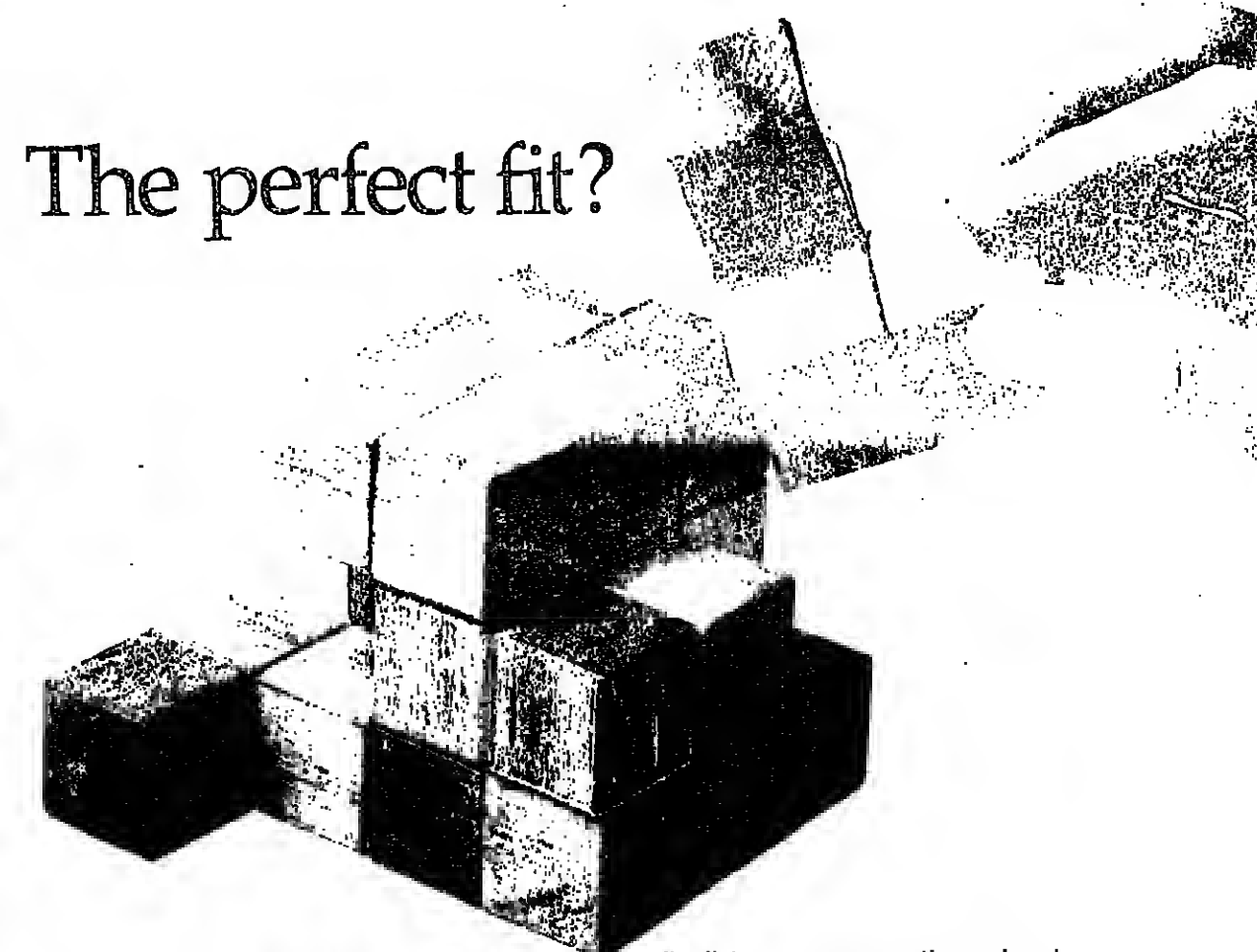
Shareholders can expect the timing to be good, since New Zealand Inc has the capacity to draw on the country's best advisers (the few that are not already working in some quiet corner of empire).

The company will raise most of its development capital overseas, with some possibly coming from the local fixed-interest market. The lenders will be enticed to see a counterbalancing inflow of equity to keep the group's financial structure in balance.

The market also has to face the election at the end of the year. It is too early to predict what will happen on that November day (although you know who has no inhibitions in making his forecast).

But the sharemarket will have to reassess itself if Social Credit come through with the balance of power. But the analysis of that influence on investment can be left to my successors.

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Hotels hit by rising airfares, tourism decline



A DROP in the number of tourists and rapid increases in internal airfares appear the main reasons for a drop in hotel room occupancies in Auckland and Wellington in the year to March 31, 1980.

The Tourist and Publicity Department's *New Zealand Accommodation Inventory and Room Occupancy Rates*, published last week, shows that 17 Auckland hotels with 1623 rooms available in the period had an average room occupancy rate of 74.7 per cent.

In the previous year 17 hotels with 1488 rooms available reached an annual room occupancy of 79.3 per cent.

While more rooms were available in 1979-80 compared with the previous year, there appears to be other reasons for the decline in the percentage, because both the "room nights" and "bed nights" sold annually both dropped over the year.

The former went from 430,878 to 419,527, while the latter came back from 621,413 to 603,542.

Monthly room occupancy was down on the previous year for 10 of the 12 months, with only April (71.9 per cent as opposed to 84.1 per cent) and July (up from 67.5 to 70.1 per cent) showing an improvement.

Auckland is generally regarded as the "gateway" to the country for overseas visitors, and the falloff in tourist visitors in 1979-80 probably accounts for part of the slightly lower pressure on accommodation.

Rising airfares internally may have cut some business travel, particularly for people on the lower rungs of the corporate ladder, unless a personal visit is essential.

Many companies have direct telephone links between Auckland and Wellington, and

even a three-hour toll call is less than the return airfare between the two cities, before taking accommodation and ground transport costs in account.

The figures for Wellington show a similar pattern, although the low occupancy rates experienced in that city at weekends complicate a direct comparison.

Wellington's annual room occupancy fell from 68.2 per cent in 1978-79 to 63.4 per cent in the following year, the lowest level for at least five years, although the number of rooms available has been static over that period.

The city had 15 hotels in the department's survey last year, with 11-15 rooms, 15 fewer than in 1978-79.

The department says one new hotel opened, and two older places, for which occupancy details were not available, have been omitted from 1977-78 on.

But that makes little difference to the total statistics. The capital had 119,070 room nights available in 1979-80, compared with 123,705 in 78-79, and 265,551 bed nights as against 288,927.

Occupancy still fell, in spite of the lower number of rooms and beds available.

The department surveys 1-1 North Island regions and 1-2 in the South Island. Auckland's annual occupancy rate is usually the highest in the country, with the resort areas returning lower rates, due to the seasonal fluctuations in their patronage.

The region described as "Hokitiko/West Coast/Glaci-ers/Hoast," had the lowest annual occupancy rate at 36.4 per

cent, with the monthly rate for June and July dropping to 1.5

Most hotel operators would find it almost impossible to operate a venture on those terms, but several of the six hotels surveyed in the region are under the control of the Tourist Hotel Corporation, which reports losses in one area and profits in another.

If anyone wants to really get away from it all, they could take a visit to Monrovia in June or July, when the occupancy rates for seven hotels were respectively 12.5 and 12.3 per cent. There were 552 rooms available in 1979-80, so each visitor had a choice of 67.89 rooms (assuming that you can choose to stay in 0.89 of a room).

But June and July in First land were more popular last year than in the previous 12 months, when the occupancy rates for those months were, respectively 11.9 and 10.9 percent, and there were only 16 rooms available in which to ringed vision could escape the region's notorious rain.

While very high occupancy rates could be expected in these areas at peak holiday periods (Christmas and the first week of the year, when they have reached 100 per cent in some towns), the occupancy rate

years in Queenstown and Abouli Cook), the mind boggles at the information that 100% of Greymouth scored 100 percent for New Year between 1971 and 1979, before dropping to a mere 95.7 percent for New Year 1980!

The West Coast racing circuit may be an explanation because, even as a base for touring the region, Greymouth is hardly the jetsetter's paradise.

Stock Exchange weekly review

FOR WEEK FRIDAY FEBRUARY 20 TO THURSDAY FEBRUARY 26



	Last sale	Week's high	Week's low	Turnover		Last sale	Week's high	Week's low	Turnover
4TEWORK, SOC	143	143	143	700	GOLDEN HAY, SOC	55	55	55	12500
7.58 PP	---	---	---	0	ADPHAN CORP	345	360	345	8900
62 PP	---	---	---	0	142 CONV PR	245	---	---	0
ALAN G.W.N.	515	315	310	3300	ROSEVENOR PAPER, 25C	55	---	---	0
ALAN WHIT	225	---	---	0	NALLENSTEIN	260	260	260	1600
51.52 CONV PR	103	---	---	0	NAUMANN ENTERPRISES, 25C	158	140	136	2700
ALAN, SOC	580	180	100	4000	HAWKINS, SOC	70	72	230	15400
ALLIANCE, SOC	228	236	225	16300	6.3X PO	---	---	---	0
122 CONV PR	90	90	09	5700	H.B. FARMERS	295	295	290	6800
ALU	810	---	---	0	135 CONV PR	185	185	180	2200
ALYER EARNERS	340	330	340	4600	HAYWIGTS 5 PRE	65	---	---	0
122 CONV PR	360	365	360	1500	HEALING	255	280	220	6200
ALON STEEL	210	210	210	200	10X PED	---	---	---	0
A.M. BIRLEY, SOC	230	250	250	1000	122 CONV PR	380	380	380	1400
AMPOL PET., SOC	266	---	---	0	H. POLLARD	225	225	220	1800
CON PR	225	---	---	0	HERRY DRY, SOC	170	172	170	7000
143	146	143	17200	10R DENS	555	---	---	---	0
122 CONV PR	150	---	---	0	HOLEPROOF	260	260	235	1400
11.32 CONV PR	125	---	---	0	HODDER, SOC	73	---	---	0
ANOS GROUP	135	---	---	0	HUE INDUSTRIES	115	---	---	0
5-5.5X PR	95	---	---	0	5-2.5X PT PR	42	---	---	0
122 CONV PR	105	104	105	1300	10Y CONV DEFS	115	---	---	0
ANOS BANKING GROUP	262	262	260	28600	I.C.T.I. 10511	155	---	---	0
14000	333	370	315	1900	T.C.I. 11117	200	200	200	4400
"B" 6-7.5X PR	80	---	---	0	IND BROADCASTING	115	---	---	0
"B" 5-6.8 PR	80	---	---	0	INDEPENDENT NEWS	105	185	105	7000
ALBANY	245	245	245	600	IND. CHEN. SOC	180	180	180	2500
ALBISSE	40	40	40	9100	INTERVASHAN HI, SOC	---	---	---	0
ASHBY BARRH	330	330	330	100	I.V. DOW, SOC	255	260	253	12100
ASL, CARLES	213	215	215	200	JAMES AVIATION	323	---	---	0
ASL, CARLES	31	31	31	11600	JAMES SHIN SOC	55	55	55	3600
10X CONV PR	30	30	30	6100	142 CONV PR	55	55	55	200
ASL, GAS	455	460	450	21800	J.E. MATSON	360	---	---	0
AMERICA, SOC	203	---	---	0	122 CONV PR	295	---	---	0
2600	---	---	---	0	J. BURGUS	100	100	100	12400
122 CONV PR	145	150	145	10600	178 CONV PR	198	198	198	6000
CONV HTS '24	130	---	---	0	JOHN BONDHO	225	225	220	1600
A.S.I.	270	---	---	0	J. MARSHALL, SOC	54	---	---	0
AUTOCORP HOLDINGS	195	195	195	1400	122 CONV PR	45	45	45	500
BATTLIE, SOC	75	75	75	6600	J. MERCER SHMS., 200C	70	---	---	0
BENKINS, SOC	92	92	90	49100	5-25-6-237 PR	---	---	---	0
82	82	82	81	1900	J. MINTMAN	150	---	---	0
BANK BSV	400	400	400	500	6.3X PR	125	---	---	0
BANK PETRY, SOC	80	---	---	0	11Y CONV MERS	740	---	---	0
BELG HARRIS, SOC	70	70	70	23300	J. NATTA	230	230	230	3300
32-4, 122 CONV PR	320	320	320	100	11.5X CONV PR	153	---	---	0
BRIDGEMAN, SOC	200	---	---	0	KEADNS-OUTING, 200C	210	---	---	0
BRIDGEMAN, SOC	85	85	85	27000	L.N. BONDHO, SOC	68	70	65	43100
BRIDGEMAN, SOC	85	85	85	27000	122 CONV PR	100	100	100	4200
12.5X SPIC PR	235	---	---	0	LAMES, SOC	48	48	48	600
505, SOC	65	65	65	4200	L.D. NATHAN	220	222	212	17500
B.W.A., 700C	2000	2000	2000	2050	9.5X CONV DEFS	210	---	---	0
ROBINER, SOC	70	---	---	0	CONV PR	200	---	---	0
1500	1500	1500	1500	2000	LYLARD, SOC	155	155	155	4100
SUPPES CAT., 30C	160	---	---	0	LIDN, SOC	122	123	120	49600
I.P.D.	772	275	220	24800	10X CONV PR	119	119	117	1800
5-2-20 PR	---	---	---	0	122 CONV PR	102	102	102	1800
5-2-20 PR	---	---	---	0	L.R. OTL, SOC	34	34	37	14400
10X CONV PR	255	255	252	900	LUSTEROIN	210	210	210	5100
C.F.C.A.	230	---	---	0	MINERAL, CONV, 30C	150	154	145	5100
11Y CONV PR	175	---	---	0	122 CONV PR	70	---	---	0
C.F.A.	570	275	270	1500	MAID, SOC	260	260	240	4500
122 CONV PR	180	182	175	2700	122 CONV PR	240	240	240	100
CART, GROUP	220	---	---	0	MARSHALL, SOC	100	100	100	100
CART, GROUP	370	---	---	0	MATHAL	175	175	175	200
122 CONV PR	353	353	353	600	MADAC	365	365	363	6200
CAPITAL RADIO, 25C	113	---	---	0	MADAC	90	92	92	900
CAPITAL, LSE, SOC	240	---	---	0	MCKENNA	220	220	220	700
CARONSON, SOC	240	240	240	400	MOLAND	205	205	205	100
CARTER HUNT	375	590	370	16800	122 CONV PR	175	175	175	1500
CARTER HUNT	243	239	235	61200	MILBROU, 200C	75	---	---	0
CARTER HUNT	243	239	235	61200	H.O. MOORE, SOC	70	70	70	3000
CCL	253	250	220	14700	122 CONV PR	35	---	---	0
CITICORP	170	170	170	200	MOTRAN, SOC	155	160	155	4000
122 CONV PR	90	---	---	0	M.P. 5-11	105	195	195	300
CONV PR FAX	400	---	---	0	115 CONV HTS	170	---	---	0
162 CONV PR	240	240	235	8900	122 CONV PR	150	150	150	16900
CHINERY	275	275	275	900	12.5X PR	07	---	---	0
CHINERY, SOC	41	---	---	0	102 CONV PR	62	65	60	10400
CITY REALTY, SOC	207	107	107	0800	5-0X PR	45	---	---	0
CLIFF GROUP	90	90	90	300	11.5X CONV PR	53	53	50	56100
122 CONV PR	42	---	---	0	NEI CONV PR	00	100	90	51000
COLLINSWOOD, SOC	36	---	---	0	122 CONV PR	99	05	05	300
CONV PR	238	240	238	3200	NEI CONV PR	175	175	160	19600
CONV HTS 10X	100	100	100	2000	N.T. COOK	565	---	---	0
CONV HTS 10X	630	630	630	100	N.T. COOK, SOC	212	215	210	21900
CONV HTS 10X	160	160	160	5300	N.T. COOK, SOC	---	---	---	0
CONV HTS 10X	165	---	---	0	OR PR	---	---	---	0
CONV HTS 10X	11	11	11	42500	5X PR	30	---	---	0
CONV HTS 10X	135	135	135	10300	NEIL HODGINS, SOC	515	---	---	0
CONV HTS 10X	140	140	140	4500	N.S. GEMINT	115	215	112	20200
CONV HTS 10X	115	---	---	0	N.E.C. 5-10C	120	128	128	0600
CONV HTS 10X	70	70	70	600	122 CONV PR	115	115	115	2600
CONV HTS 10X	220	223	220	15100	N.E. 5-10C	196	196	196	19700
CONV HTS 10X	940	940	940	3000	122 CONV PR	165	165	160	1700
CONV HTS 10X	290	---	---	0	142 CONV PR	152	---	---	0
CONV HTS 10X	285	270	270	14400	N.S. 5-10C	305	305	305	175900
CONV HTS 10X	62	---	---	0	5.5X PR	420	420	415	6550
CONV HTS 10X	130	130	130	15200	N.E. 5-10C	240	343	353	25800
CONV HTS 10X	205	205	205	3200	N.E. 5-10C	240	240	240	2000
CONV HTS 10X	145	150	145	1100	N.E. 5-10C	25	55	25	4600
CONV HTS 10X	230	---	---	0	N.E. 5-10C	40	40	40	800
CONV HTS 10X	200	200	200	10600	N.E. 5-10C	87	247	165	3080
CONV HTS 10X	---	---	---	0	N.E. 5-10C	210	210	208	6100
CONV HTS 10X	---	---	---	0	N.E. 5-10C	30	50	50	700
CONV HTS 10X	---	---	---	0	N.E. 5-10C	130	130	130	10600
CONV HTS 10X	---	---	---	0	N.E. 5-10C	190	202	197	170300
CONV HTS 10X	---	---	---	0	N.E. 5-10C	675	675	675	300
CONV HTS 10X	---	---	---	0	N.E. 5-10C	105	---	---	0
CONV HTS 10X	---	---	---	0	N.E. 5-10C	300	300	300	200
CONV HTS 10X	---	---	---	0	N.E. 5-10C	90	91	81	72900
CONV HTS 10X	---	---	---	0	N.E. 5-10C	60	68	67	1380
CONV HTS 10X	---	---	---	0	N.E. 5-10C	67	67	67	5900
CONV HTS 10X	---	---	---	0	N.E. 5-10C	45	---	---	0
CONV HTS 10X	---	---	---	0	N.E. 5-10C	50	50	50	600
CONV HTS 10X	---	---	---	0	N.E. 5-10C	47	47	47	300
CONV HTS 10X	---	---	---	0	N.E. 5-10C	138	138	138	1000
CONV HTS 10X	---	---	---	0	N.E. 5-10C	205	205	205	2300
CONV HTS 10X	---	---	---	0	N.E. 5-10C	220	---	---	0
CONV HTS 10X	---	---	---	0	N.E. 5-10C	205	205	205	3200
CONV HTS 10X	---	---	---	0	N.E. 5-10C	05	---	---	0
CONV HTS 10X	---	---	---	0	N.E. 5-10C	120	153	120	4600
CONV HTS 10X	---	---	---	0	N.E. 5-10C	195	200	195	10900
CONV HTS 10X	---	---	---	0	N.E. 5-10C	205	---	---	0
CONV HTS 10X	---	---	---	0	N.E. 5-10C	465	475	460	4500
CONV HTS 10X	---	---	---	0	N.E. 5-10C	900	---	---	0
CONV HTS 10X	---	---	---	0	N.E. 5-10C	4172	---	---	0
CONV HTS 10X	---	---	---	0	N.E. 5-10C	125	125	125	3500
CONV HTS 10X	---	---	---	0	N.E. 5-10C	112	---	---	0
CONV HTS 10X	---	---	---	0	N.E. 5-10C	100	---	---	0
CONV HTS 10X	---	---	---	0	N.E. 5-10C	140	140	140	2400
CONV HTS 10X	---	---	---	0	N.E. 5-10C	125	125	125	500
CONV HTS 10X	---	---	---	0	N.E. 5-10C	240	240	240	800
CONV HTS 10X	---	---	---	0	N.E. 5-10C	355	355	355	800
CONV HTS 10X	---	---	---	0	N.E. 5-10C	75	00	75	9500
CONV HTS 10X	---	---	---	0	N.E. 5-10C	92	---	---	0
CONV HTS 10X	---	---	---	0	N.E. 5-10C	300	300	300	9100
CONV HTS 10X	---	---	---	0	N.E. 5-10C	---	---	---	0
CONV HTS 10X	---	---	---	0	N.E. 5-10C	---	---	---	0
CONV HTS 10X	---	---	---	0	N.E. 5-10C	---	---	---	0
CONV HTS 10X	---	---	---	0	N.E. 5-10C	---	---	---	0
CONV HTS 10X	---	---	---	0	N.E. 5-10C	---	---	---	0
CONV HTS 10X	---	---	---	0	N.E. 5-10C	---	---	---	0
CONV HTS 10X	---	---	---	0	N.E. 5-10C	---	---	---	0
CONV HTS 10X	---	---	---	0	N.E. 5-10C	---	---	---	0
CONV HTS 10X	---	---	---	0	N.E. 5-10C	---	---	---	0
CONV HTS 10X	---	---	---	0	N.E. 5-10C	---	---	---	0
CONV HTS 10X	---	---	---	0	N.E. 5-10C	---	---	---	0
CONV HTS 10X	---	---	---	0	N.E. 5-10C	---	---	---	0
CONV HTS 10X	---	---	---	0	N.E. 5-10C	---	---	---	0
CONV HTS 10X	---	---	---	0	N.E. 5-10C	---	---		

IMPORT LICENCE TENDERING SCHEME — CALL FOR TENDERS

CALL FOR TENDERS

Pursuant to the Import Control Regulations 1973, Amendment No. 3 (S.R. 1980/248) the Secretary of Trade and Industry, acting under delegated authority is calling tenders for import licences for the goods specified below. These goods constitute "Lot Five" and the closing time and date for tenders is 5.00pm, 28th April 1981. Instructions for prospective tenderers and the general terms and conditions which apply to the submission and acceptance of tenders are set out in the Guide to the Import Licence Tendering Scheme. Copies of this guide and tender forms may be obtained from the Department of Trade and Industry and the Customs Department. Tenders should be addressed to the Registrar, Import Licensing Tendering, Department of Trade and Industry, Private Bag, Wellington. Tenders for "Lot Five" will be opened on 29th April, 1981 and official results will be published in the New Zealand Gazette.

LOT 5 — ROUND ONE						
TENDERS NO	ITEM CODES	TARIFF ITEMS	BRIEF DESCRIPTION	1ST ROUND ALLOCATION	LICENCE UNIT RUE	NO. OF UNITS A TENDERER MAY BID FOR
1981/80	87.070	*Ex 87.10.001	Competition racing cycles with a frame size of not less than 22½" (571.5mm) and wheel diameter not less than 27" (685.8mm)	\$50,000	\$5,000	2
1991/89	87.073	*Ex 87.10.002 *87.10.008	Bicycles and other cycles, other than competition racing cycles of IC 87.070	\$50,000	\$5,000	2
1981/80	87.091	*87.13.000	01L Baby carriages			
1981/81	Ex 82.015	82.12.008	Recorded discs	\$5,000	\$1,000	1
1981/82	Ex 82.015	82.12.010	Tapes, other than blank, on open reel	\$50,000	\$5,000	2
1991/83	Ex 83.005	93.07.032	Cartridges, shot, 12 bore	\$50,000	\$5,000	2
1981/94	Ex 83.005	83.07.041 21G 83.07.041 31D 83.07.041 81F 83.07.041 71C	Ball, .303 and .308 calibre	\$80,000 \$100,000	\$10,000	1
1981/95	85.005	Ex 85.05.008	Worked tortoise-shell, mother of pearl, ivory, bone, horn, coral and other animal carving material, and articles of those materials [excluding jewellers' findings, beads, etc, ornaments etc, crocheted hooks, handles for cutlery of item Code 85.0001]	\$5,000	\$1,000	1
		Ex 85.08.001	Imitation flowers, foliage, fruit and swastika; busts, heads, figures, sculptures, imitation pearls and other jewellery excluding goods of item Code 85.000			
1991/85	Ex 89.040	98.12.000	Combs, hair-aldes and the like			
1981/87	98.010	89.01.011 to 89.01.035 89.01.039	Tooth, denture and nail brushes; hairbrushes: toilet brush sets	\$5,000 \$29,000	\$1,000 \$2,800	1 2
		01H	Brooms and brushes consisting of twigs, etc. with or without handles			
		Ex 89.01.038	11E Paint brushes, excluding artists' brushes.			
		89.01.039	219 Paint rollers			
		95.05.000	Powder puffs and pads for applying cosmetics or toilet preparations, of any material			
		Ex 89.08.008	Hand sleeves and hand riddles, wholly or principally of wire, other than those of item Code 85.000			
1981/88	Ex 89.025	Ex 89.01.039	38E Brooms or brushes, other kinds			
1981/89	Ex 87.025	07.04.008 01K to 07.04.009 21O	Billiard tables and billiard requisites, excluding balls	\$30,000 \$20,000	\$3,000 \$2,000	2
		07.04.008 38G	Other billiard requisites			
		07.04.009 52F	Table-tennis nets			
		07.04.009 89J	Other table tennis requisites, excluding balls			
		Ex 07.04.009 81H	Overboards, darts and dart flights, other than leathered dart flights			
1981/100	87.040	Ex 87.08.009	81L Strung tennis, badminton and squash rackets, the fob value of which does not exceed \$3(NZ)	\$10,000	\$1,000	1
1982/101	Ex 87.050	07.05.009 01G 07.05.009 089	Appliances, apparatus, accessories and requisites for gymnastics or athletics;	\$50,000	\$5,000	2
		07.05.008 45J	Baseball bats, softball bats;			
		07.05.008 919	Clay birds; and clay targets			
		Ex 07.05.008 95E	Other kinds of goods for sports and outdoor games,			
		Ex 07.05.009 99H	excluding goods of item Code 87.000			
1981/102	87.080	07.05.009 21A	Golf balls	\$5,000	\$1,000	1

NOTE: \$5,000 \$1,000 1

1 Tenderers should refer to the Customs Tariff and the Import Licensing Schedule for a definitive description of the goods included in the list above.

2 Tenderers should be conversant with the various statutes and regulations which importing enterprises are obliged to comply with, such as veterinary and quarantine approvals, safety standards, duties and sales tax where relevant.

3 Tenderers are reminded to use a separate tender bid form for each licence unit bid for.

4 Each bid should be sent in a separate envelope with the tender number marked outside.

5 For items marked with an asterisk tenderers are required to complete a spare parts and servicing pre-registration form and forward it in a separate envelope marked "spare parts and servicing pre-registration," to the Registrar.

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Small companies seek expansion finance

by Allan Parker

THE small business community is showing promising signs of renewed confidence and enterprise.

Large companies are tending to shy away from investment decisions until further work — particularly from the "think big" projects — actually comes onstream. But small companies are eagerly looking for finance to expand.

The Small Business Development Division of the Development Finance Corporation reports a dramatic upturn in applications for assistance.

The most encouraging sign is in the response to the DFC —

administered, Labour Department-financed job creation scheme announced by the Government in last November's mini-Budget.

In fewer than eight weeks, small businesses have created 200 new jobs to take advantage of the scheme, which offers a \$3000 suspensory loan. This is written off over two years if the job remains in existence.

The interest-free loan, which can be taken in a lump sum, was approximately equal to the single adult rate of unemployment benefit for one year when it was announced.

Already, \$600,000 worth of new job applications have been approved.

At the current level of demand, small businesses

would provide 1200 new jobs within a year.

The Labour Department is hoping that, even if there is a fall-off in interest from small companies, the annual figure will still be above 1000 new jobs.

The speed with which demand has built up has surprised division manager Murray Smith.

"And there is no sign of the demand levelling off," Smith told *NBR* last week.

He said a key feature of the scheme is its emphasis on the creation of long-term employment, combined with a continuing relationship between the employer and the management counselling service run by his division through

the Small Business Agency. Smith reported other indications of renewed confidence in the small business sector.

There has been an upsurge of interest in the loan guarantee scheme operated by the SBA. Under the scheme, the SBA will guarantee bank loans to small business operations with proposals exhibiting "national interest" factors such as exporting.

The SBA's contingent liability to banks under the scheme has doubled in recent months from \$1 million to more than \$2 million.

The venture capital scheme, also introduced in the mini-Budget, is attracting strong interest, according to Smith.

The scheme is designed to increase equity levels in small businesses that qualify under established criteria. Typically, this is through a DFC shareholding — but not controlling — interest in the company.

The scheme is new to New Zealand, and the DFC has been cautious about promoting it until technical aspects have been ironed out and overseas schemes appraised.

The level of interest — including some approvals already made — is running at about \$1 million.

Smith estimated that the full \$10 million set aside for the scheme will be taken up within the two-year time frame.

And there has been a greater level — in number and dollar

value — of small business enquiries for regular DFC business such as term loans and export suspensory loans.

Smith is reluctant to say if increased demand from small business companies represents a turning of the economic corner. "But the signs are good."

He attributed the upsurge to two main factors:

- An expectation of better things to come from the projects;
- A growing commitment of small companies to enter the export field.

Route out braked by officials

by Lindsey Dawson

FLEDGLING air operator United Pacific Airlines who used in Auckland last week, it could carry strike-bound businessmen across the Tasman; by Friday the aircraft Beechcraft King Air C90 had not got off the ground.

Operations manager Ben Everett told *NBR* on Wednesday the plane would be flying that afternoon for Sydney via six passengers abroad, not paying \$1138. But the flight did not leave.

The company did associate with the Melbourne office. Lear Jet company to send nine Comcal executives to Lear for a charter fee of \$12,000.

But it did not gain permission from the Air Services Licensing Authority in Wellington to send its own two turbo-prop plane.

A civil aviation spokesman said the company failed to provide the operations section with information relating to the ability to make long-distance flights over the ocean. He said they had been told two weeks earlier what information was necessary but had not supplied it.

Everett told *NBR* he was fielding a phone call every 15 minutes from businessmen desperate to get to Australia.

ADVERTISING LECTURE FOR SMALL BUSINESSES

"How to advertise your small business on under \$1000 per" is the title of a lecture given recently by Auckland adman: Brian Morris to the Small Business Agency diploma course. The minute lecture covered many topics, including Do-it-yourself, reselling, finding your own market, REAL reason for advertising, How to get free publicity, Getting the expert help you — for nothing, Cutting out the waste in advertising expenditure, Advertising techniques which work — best for small businesses, plus more. The lecture was taped and copies are available for \$12 complete, \$10 (plus \$1000) from: Brian Morris, Marketing Ltd, Auckland. Tel: 09-080-1111. Telephone 09-080-1111.

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Manufacturing

Scripto's erasable pens poised to rub out market

by Lindsey Dawson

SINCE we started using ball-point pens on our stationery in the 1940s the pen business has been almost stationary. A pen is a pen after all, with little to distinguish one brand from another.

But later this year New Zealanders will be able to use a new doodler's delight which has captured a large slice of the American pen market — the erasable ball-point.

Scripto American vice-president John Tucker, in Auckland on his way to launch the product in Australia, said the erasables would be assembled here by Scripto NZ Ltd, a subsidiary of Williamson Jeffrey Ltd. Cartridges would be imported, but all other parts would be New Zealand-made. The local pen will retail for about \$1.50 (the American price is 98c).

Scripto aims to secure first

place on the local market. But in the United States it is number two behind Gillette Papermate, which launched its Eraser Mate first and is now highly charged to find Scripto charging up from behind.

The two companies are fighting a legal battle in the United States. Gillette is suing Scripto for patent infringement and stealing trade secrets following the defection of six former Gillette executives who are now with Scripto.

Tucker says the situation is "a bit like the flea and the elephant".

"Our turnover is only \$50 million a year against their two billion, and anyway we've worked on our pen for 16 years and patented our ink in 1968, 10 years before Gillette."

"We're confident that the situation can be resolved and that there's room for both of us."

The two pen-makers make



John Tucker ... sales should double this year.

American sales of 50 million erasable units between them last year. Gillette captured 21 per cent of the ball-point market in its first six months. Sales of both brands should double this year, said Tucker.

Scripto's New Zealand marketing manager, Barry McDonald, believes the erasable will dramatically change the

pen market here too. Students are likely to be the biggest users if we follow American trends, where 65 per cent of buyers are between 12 and 17.

The erasable pen had lifted neatness standards and some schools were specifying them for accountancy classes, said Tucker.

New Zealand is rather oddball when it comes to ball-points. We are about the only writers in the world who prefer retractable ball-points to stick pens. The cheaper stick pens (29c against 36c for retractables) are by far the biggest sellers elsewhere. Here they account for less than 10 per cent of the market.

Tucker said there were two problems in developing the erasable ball-point. One was erasability, and the other was getting the ink to flow, because its viscosity is like tar, 150 times that of normal ink.

The answer was to fill the top of the barrel with gas under pressure, which forces the sticky ink through the tip onto the carbide ball. This makes life easier for notice-board scribbles as the pen will defy gravity and write upside down.

The erasable's special ink contains rubber cement and a chemical that prevents the ink from sinking into the paper. After a day or so the ink will sink in and become permanent. Any standard eraser will do the rub-out job.

The new pen has been a life-saver for the American Scripto company which had lost money in 10 out of 12 years before it joined Gillette in the erasable market.

It has no financial interest in Scripto companies outside the United States, preferring foreign companies to make Scriptos under licensing arrangements. The pens are used in South Africa, Canada and some South American countries and in Australasia.

The company is moving out cautiously and aims to consolidate at home first. But Tucker's eyes light up at the mention of China and its potential for disposable pens. "Aah, just think of it — 286 million students ..."

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"We came over the crest and into the valley. Ahead of us lay an open loping stretch of road. As we drove on, the road dropped gently, ran flat and diagonally across the valley floor and then started to rise toward the valley's rim. Before it reached the top, there was an 'S' that flicked right, then suddenly left. After a long and beautiful day, hours of enjoyable driving, a sudden moment of concern. Change down quickly. Just a touch of the big front disc brakes. Faster than I should be, but confident. In that instant my Talbot Alpine GLS became the car I expected it to be."

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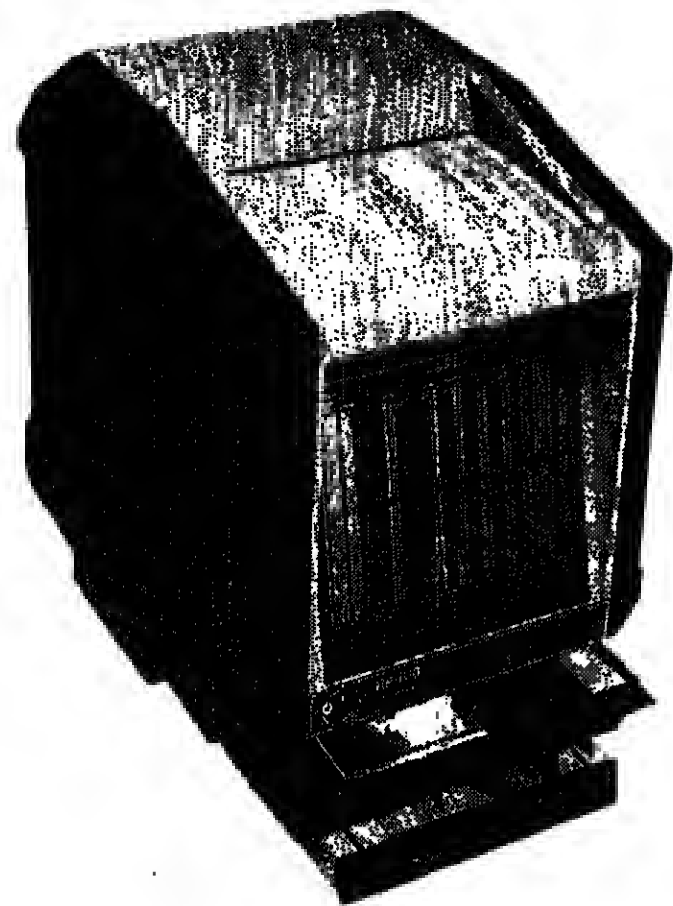
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Industrial relations

Tasman profit-share settlement hard act to follow

by Ann Taylor

WITH what amounts to a wage settlement at 16.7 per cent, Tasman Pulp and Paper has set a pace that other members of the industry group — NZ Forest Products, Caxton, Wintone and Carter Holt — will find difficult to match.

Settlement, announced on February 21, was reached at a core rate of \$5,589, 13.9 per cent, but an "interim benefit-sharing scheme", which gives each worker 20 cents for every hour worked, coupled with the productivity scheme already in operation, brings the effective increase to 16.7 per cent.

In the original announcement there was a strong inference that each of Tasman's 2800 workers would get a lump sum of \$400 at some unspecified time, in line with the "bonus" that was paid out in the last two years.

But the implementation of the scheme, which company spokesman Frank Conron says "is distinct from the wage structure" throws an entirely new ball, without precedent, into the negotiating arena.

The tight relationship demanded by the unions will force the other companies to follow suit if they want to avoid strike action. But some of those companies are in no position to implement a profit or productivity sharing scheme and might be forced to look to their employment levels.

Conron says the scheme is an interim arrangement which gives effect to a previous undertaking to implement a productivity benefit-sharing scheme.

If other companies cannot meet the unions' demands for relatively "that's their business", he said.

But there are a lot of angry chief executives out there in the woods.

The Pulp and Paper industry Union of Employers formed a liaison committee with the chief industrial relations people from the companies involved — Tasman, NZ Forest Products, Caxton, Wintone and Carter Holt.

They, apparently, had a number of meetings and discussed the Tasman claims. Procedures were established to handle one member being forced ahead of the field.

And there was a commitment, albeit informal, that there would be broad consensus regarding settlement.

The Tasman settlement took other members party to that liaison by surprise. Reactions varied from: "It frightens the hell out of me", "profit-sharing is a good thing, but we're not in that situation at the moment" to a plaintive "but we've been trying to work as an industry".

The liaison committee had, according to industry sources, agreed on a figure in line with the Kileith agreement, but less than Tasman eventually settled for. The other companies are upset by the form and size of the settlement, which was just 0.1 per cent below the union claim.

Conron agrees that the claims were discussed with the other employers, but says, "we are not in breach of any undertaking".

The commitment reached between Federation of Labour president Jim Knox and Labour Minister Jim Bolger after the Kileith dispute that settlement would be reached on a consensus and industry-based process has, it seems, been thrown to the winds.

The metal trades award gives an hourly core rate for a fitter with one year's experience of \$1,731. The core rate among Auckland companies ranges from \$5,179 to \$5,4 an hour. Both these rates have tended over the last three years to move

in line with the pulp and paper settlement for core fitters.

Tasman enjoyed a protected situation by having negotiated first but that is not the only protection enjoyed by Tasman which allows "Ron Trotter to avoid a strike at any cost", as one source commented.

Tasman's stumpage costs from the Forest Service, are one of the country's more closely guarded secrets. But as a Treasury paper stated during the company's 1977 crisis, they are "very low, being only a third of the price other companies being supplied were paying".

The contracts came up for revision in April 1980 — the first since 1963. A contract was signed last year with a purchase price of \$3.05, but increased costs, which will be phased in over the next five years, will bring the cost to \$9.25 for saw logs — just under what other companies claim they are currently paying.

Tasman is apparently, still milling timber purchased from the Forest Service in 1974. That contract gave Tasman 1-12,000 cubic metres of timber annually at a cost of 88 cents a cubic metre.

Previous contract prices were: In 1966 Tasman purchased 20 million cubic feet, 560,000 cubic metres, at \$1.25 a cubic metre; in 1973 it purchased 4.5 million cubic feet, 127,000 cubic metres, at a cost of \$1.59 a cubic metre.

Over the period 1956-1980, by using the timber estimates and Tasman's contracts, it can be estimated that Tasman used 26.2 million cubic metres of timber.

The growing cost for that timber, based on Institute of Economic Research 1978 figures for average-grade timber, is \$319 million.

Tasman paid \$21.4 million. The figures are not indexed to 1980 dollars.

Tasman is highly dependent on good industrial relations; annual production figures can be severely curtailed by stoppages. For instance, the electricians' strike in 1979 lost the company about 6000 tonnes of newsprint and 5000 tonnes of wood pulp in production.

The company has made some commitment to industrial harmony by setting up a relatively working committee comprising six union officials, six delegates and three com-

pany members who are investigating the possibility of composite agreements between different unions at the plant.

An employee share scheme introduced in 1979 led to more than half the employees buying shares. In its half-yearly result to September, 1980, Tasman reported a 68 per cent increase in export sales and a profit of \$26,900,000, the largest after-tax profit ever achieved by a listed New Zealand company from six months trading. The

company declared an interim dividend of 20 per cent.

Rail subsidies, export incentives, which totalled \$10.7 million last year, and government-funded research and development of the much lauded geothermal development utilised by Tasman all aid to put the company in a position to buy industrial peace at substantial cost to the taxpayer and other members of the industry group.

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Aviation

MOT on tail of low-flying 'outlaws' of the air

by Warren Berryman

THE Ministry of Transport has decided not to hit the trail in pursuit of a new group of dastardly outlaws. And no wonder. Riding in the Gitaway bunch was the august, establishment *New Zealand Herald*, feisty private talkback station Radio Pacific and its crusading journalist Pat Booth, and Barry Fenton, managing-director of United Travel.

All technically broke the law when they advertised or

promulgated an illegal fare from New Zealand to Britain — \$1049. The lowest legal fare is \$1140.

When Radio Pacific was told it had kicked theess which is the law, it had a journalist phone the Ministry of Transport, which confirmed the breach, issued a warning and said no action would be taken if the radio station promised to go straight.

Radio Pacific formally charged Pat Booth on air and invited callers to sentence him.

The *Herald* probably doesn't even know it is an outlaw. But *NBR*, relentless in the cause of justice as always, put together a posse and phoned up the MOT.

Civil Aviation spokesman John Kennedy-Good confirmed that the cheapest legal fare was \$1140 and that it was illegal to advertise a lower fare; people who "knowingly" participated in this were liable for prosecution, but because Radio Pacific's people had telephoned

and promised to drop their guns no action would be taken.

NBR then phoned United Travel, but Fenton was unavailable for comment.

A spokeswoman was asked which bandit airline was offering this illegal fare and was it Air New Zealand which supplied all the seats for the Gitaway programme.

After asking for time out, she came back to the telephone and

decided the matter wasn't worth a shout-out.

"We are not prepared to comment," she said. The fare was part of an operator's programme carried in his brochure and available to anyone," she said.

Which operator? That was for us to find out.

And so *NBR* rode off into the sunset at the close of yet another week of aviation anarchy.



John Kennedy-Good... overlooking breaches

Aircraft safety up in air

THE ability of the American aircraft to withstand crashes has been well below that of the American one.

Commenting on this situation, the United States Federal Aviation Administration Board says design advice are now available to make most general aviation aircraft crashworthy.

It adds that the Federal Aviation Administration's technical standards for aircraft and parts reflect these standards, last revised more than 25 years ago, in 1956.

Urging an extensive re-grading of safety standards, the aviation administration requires shoulder harnesses by December 31, 1983, in all general aviation aircraft to accommodate them.

The board also wants interim requirement that businesses be installed before registration of any such aircraft is transferred.

Thus, as most of New Zealand's light aircraft are built in the United States, the safety board's recommendations are adopted, a step-upgrading of locally issued general aviation safety standards is unlikely to begin before 1986 at the earliest.

Liepzig fair

ONE of the oldest trade fairs in its type in the world — with a history of more than 800 years — will be held in Leipzig, Germany, between March 15 and 21.

Atlantic and Pacific Trade have been appointed New Zealand agents for the fair this year.



Transport

Third-level airlines don't come any cheaper

by Bob Stott

PROVINCIAL centres, seeking ways of retaining air links, will find that the third-level airline is not the usual panacea which popular opinion suggests it is.

Certain inescapable costs are involved in carrying people into the air strapped into aircraft seats, then getting them down safely again.

And what appear to be savings in isolation often aren't. They are often achieved by passing costs on from one set of books to another.

It is popularly believed that small aircraft are cheaper than big ones, and that if Air New Zealand's F27 Friendship were replaced by something much smaller, there would be savings.

Similarly, some see city bus operations saving money by using mini-buses for off-peak services — arguments (which ignore economies of scale).

What aircraft would be needed for a third-level operation?

First, the small piston-engine six or eight-seater is out. These aircraft are designed for private flying, and are not capable of the high utilisation required for commercial services. The piston engines require more maintenance and are not as reliable or economical as turbo-prop or larger machines.

Small planes would have little space for payload if equipped with the sort of navigational aids required for all-year round the-clock operations.

Third-level routes need a small turbo-prop, fairly well equipped with navigational aids, which means a 20-seater costing about \$1.5 million. Such an aircraft will require

two pilots, and unless the co-pilot can double as cabin staff, it will need a third crew member as well.

A two-person crew no doubt would be permitted if the co-pilot had easy access to the cabin, plus a public address system, a safe door-locking mechanism and a few other details.

Two 20-seater pilots aren't as costly to hire as two Boeing 737 pilots but they still don't come cheap.

The 20-seater costing \$1.5 million would give a capital cost of \$75,000. A Boeing 737, which could cost \$10 million today and which seats 121, has a capital cost of \$82,650, while the cost of a seat of a \$4 million 48-seat F27 is about \$75,000.

The Boeing costs the most a seat, but it is so much faster, it can do more work in a day, and earn more. To a lesser degree, that applies to the F-27.

Big planes use less fuel each seat-kilometre than small planes — economies of scale again. And although the 737 carries six times as many people as a 20-seater, its pilots don't get six times as much pay.

Capital, fuel, repairs and crew costs add up to direct operating costs. And I can find no evidence that the direct operating costs a seat-kilometre will be lower for a 20-seater turbo-prop, fitted for instrument flying for all-weather and night-time operation, compared with Air New Zealand's existing aircraft types.

For a short-term solution, it is worth noting that the Series F-27's which Air New Zealand has been selling to the Air Force are, in the hawk-keeping sense, more or less written off — these machines might well offer direct operating costs no higher than a new 20-seater if operated



Flashback... once NAC used to fly most of its services on this scale.

under a different accounting approach. All this suggests that if new 20-seaters replaced existing types on secondary routes, there would be no cut in the price of a normal fare.

But there is another angle to fares.

When an airline has surplus capacity at certain times, it usually tries to fill that spare capacity by offering incentive fares.

Air New Zealand over the years has offered cheaper fares

for stand-by passengers, students, the elderly and so on, available over the whole system.

With a big aircraft, an airline can afford to carry, say, 20 per cent of passengers at incentive fare levels. But with a small aircraft, closely tailored to the traffic offering, there is not the surplus capacity to flog off at low prices.

Small aircraft operating costs offer no real scope for fare reductions, and they wipe out incentive fares.

Because of the relative isolation of much of the country, the air cargo service offered by Air New Zealand is of importance to the business community. A Friendship has a bigger cargo hold than a 20-seater. Will the smaller aircraft be able to carry traffic such as urgently needed machine or vehicle parts that so often go by air?

The draft policy review of air services, released recently, suggests that third-level systems could be given favourable

finance for new aircraft, commercial assistance from Air New Zealand, and maybe Government subsidies.

Presumably the result is that Air New Zealand, relieved of the loss-makers, returns to profitability, saving the taxpayers from having to make annual \$40 million hand-outs.

The third-level operators will then be receiving assistance now given to Air New Zealand. Add to this the duplication brought about by building up another administration.

It is easy to pass on costs, and almost impossible to save costs unless the level of service is slashed.

Costs, especially fuel costs, have rocketed, and the inheritors of Air New Zealand are supposed to run a profitable show. But how can they, when the domestic network in good times is no more than a break-even proposition, and in bad times an inherent loss-maker?

If Air New Zealand is to be more profitable, it must shed services and staff, or be subsidised by the taxpayer for "social" services.

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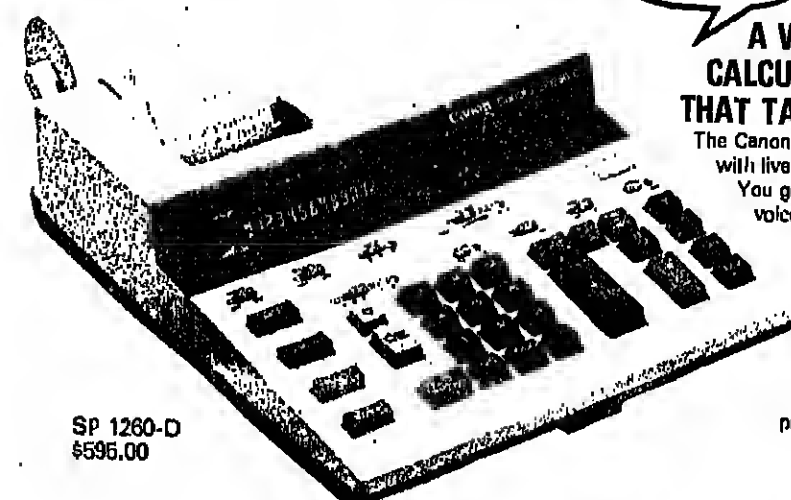
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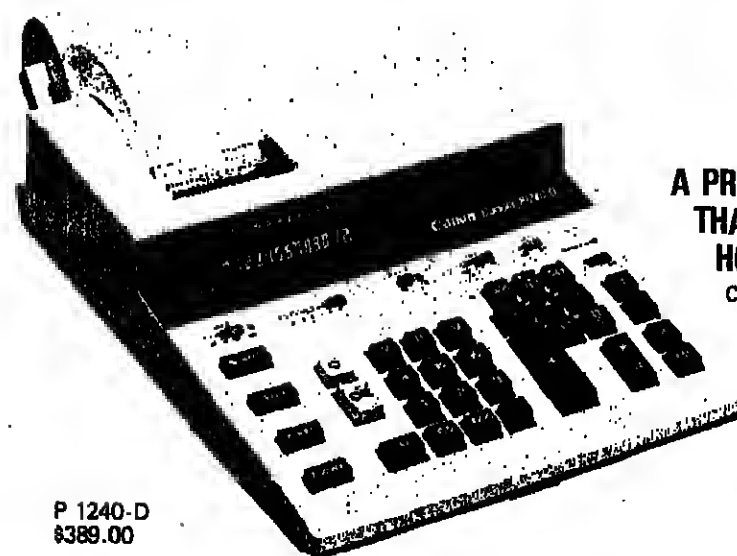
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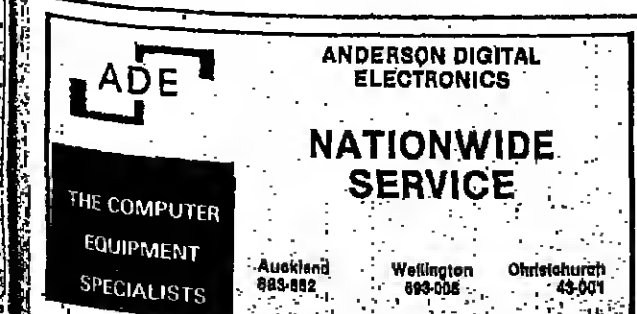
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Japanese evolve strategy to counter protectionism

JAPAN'S carmakers, worried by protectionist pressure in most of their main markets and by the formidable challenge that may soon be posed by the emerging "world car" companies, may be beginning to evolve a new strategy.

Nissan's announcement that it is considering a new plant in Britain is the latest, and possibly the most important, sign of this change of heart. Three of Japan's car manufacturers have announced a range of such studies, joint ventures and new assembly plants.

Toyota, the largest, has been the most cautious. But it is in the middle of a major study of a possible car assembly plant in the United States and has had discussions with Ford about co-operation in that market.

Ford, the smallest and until now the most internationally minded of the three, has announced plans to build cars in Columbus, Ohio, next to its motorcycle plant. In Britain it is building a new car, the Triumph Acclaim, jointly with BL.

Nissan, meanwhile, appears to be the most interested in

Europe and has announced a burst of new proposals. It plans a joint venture with Alfa Romeo (fiercely opposed by Fiat), has a 36 per cent stake in Motor Iberica of Spain and has begun possibly far-reaching talks with Volkswagen. In addition it has an engine plant in Mexico and a pick-up truck assembly plant in Tennessee.

But its British proposal, if it gets off the ground, appears more ambitious than any of these and is the clearest recognition yet of what may be the emerging new strategy.

All the Japanese car companies have two fears. One is that their European and US markets may be progressively shut off by formal, or informal, import controls. The other is that they will not be able to compete with companies like General Motors and Volkswagen which are pouring money into the creation of a series of "world cars".

The GM strategy means siting assembly plants in strategic markets around the world either because they offer a large potential market or because local governments insist on it.

LOCAL car industry chiefs are drawing up battle plans for the Industries Development Commission inquiry into their beleaguered industry later this year.

The concerns surrounding the industry in this country in many ways reflect trends emerging internationally. In particular, the threat posed to manufacturers by Japanese compellers is seriously affecting European and United States carmakers.

Here, too, the increasing dominance of Japanese models is playing havoc with our traditional sources of vehicles.

And as protectionist measures grow to counter these changing patterns, Japan's carmakers could soon begin to find themselves frozen out of major export markets.

The recent announcement by Nissan that it may build a car plant in Britain is yet another sign of the way the world car market is changing. Kenneth Gooding, of the Financial Times, probes the Nissan proposal.

Manufacturers can make major savings on such things as design, engineering and tooling costs which can be spread over a much larger output of cars.

There are also components or assemblies with high added value, like engines and gearboxes, which can be produced in big volume at one or two plants and shipped over long distances from Japan to the US for example.

For Nissan, Britain is an obvious place to have an assembly plant because car makers prefer to place their

British content in any cars produced by a Japanese company in the UK before allowing them access as European vehicles.

Nissan, if it goes ahead, will take account of this and reach 80 per cent local content (either British or EEC) because it has accepted that that is the only way it may be able to quieten the protect of its European rivals.

As far as Britain is concerned there seems, at first sight, to be some contradiction in the actions of the Government. First it said, rather grudgingly, that it would put up a further 1000 million for BL, its own ailing motor group. Then it announced it hoped to attract to Britain's already overcrowded car market one of BL's major competitors, Nissan of Japan.

But BL is part of a "old" problem. The invitation to Nissan, and the promise of substantial financial support, is part of a longer-term strategy. For the Government has its eye on the increasing number of Japanese companies which are now reluctantly accepting the need to move away from their manufacturing bases in Japan if they are to continue to expand their share of overseas markets.

Britain has had some success with the Japanese electronic and consumer goods companies which were among the first to move their manufacturing away from home and for some time the Department of Industry has been trying to tempt the Japanese motor industry. In its mind's eye are the benefits that accrued to Britain from the post-war "American invasion".

The benefits of Britain as a base are that it offers a skilled labour force, good communications (both national and international), access to plentiful finance from the private sector and, of course, the English language, which has become the international commercial language. And British Government grants and other financial help are at least as generous as those offered by other European countries.

On the debit side, however, is

the high value of sterling — which will be a long-term factor — and the antiquated labour relations practices which have helped give the motor industry in Britain a reputation for having a "difficult" workforce.

The British industry certainly do with a transition of new blood, and the Japanese seem to be the only available donors. There are still questions over BL's future, but the UK's future is also somewhat obscure (there were more redundancies at the company last month) and General Motors seems determined to show its Vauxhall subsidiary in the stage where it is simply to offshore assembly plant for in that car. Only Ford is looking reasonably healthy in Britain.

The obvious symptoms are plain to see. The output of new British cars slipped below 1 million last year for the first time since the mid-1950s. The balance of trade in motor products moved into the red in 1979 for the first time and is only just back in the black this year.

The British components industry is desperately looking for customers. Faced with falling at home, the component makers are also having extensive difficulties in the search to export outside in view of the strength of sterling.

US suspends loans

THE United States Export-Import Bank has suspended final approval of new loan applications for about 30 days from February 19.

Former Inbank chairman John Moore said the suspension was ordered "to enable the Administration to name a new chairman who could participate in the budget allocation decisions which must be made for the remainder of fiscal year 1981 and fiscal year 1982."

Air New Zealand initially used the bank to finance its new Boeing 747 fleet, but later decided to lease the Jumbos.

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Bureaux split over self-regulation moves

Continued from Page 1

senatives of the country's major credit-reporting and debt-collection agencies to attend the Auckland meeting.

ABC — which already has a code of ethics — hopes to discuss with potential new members the widening of the constitution to enable it to function as an industry organisation.

ACB says it hopes that this will forestall any Government move to set up apparatus regulating the industry, which some see as implicit in McLeay's remarks.

But the response to an NBR check among the major agencies outside the Creditmen's Dun's national network of branches and associated bureaux suggests they are cool towards ACB.

The chief executives of most agencies in Auckland say they may attend the meeting, but will want reassurance that no closed shop is intended and will want a clear definition of what kind of disclosures will be required of them.

The established elements of the industry are acutely sensitive to the image of credit reporting, especially debt collection, which has been subject to emotive public reactions in the past.

Those who oppose the ACB move towards self-regulation say a trade organisation would have to include a wide range of companies whose representatives presumably would have access to confidential files.

Opponents also suggest that membership of the ACB, freely given, could be used by agencies using unscrupulous or inadequate practices to claim what one executive called "a respectability and competence

they would not necessarily possess".

The opponents of ACB generally would approve some statutory obligations to protect confidential information which might be stored on computers, and to give the public access to their personal credit files to let them challenge information which affected their credit rating.

Sexton says the industry needs regulating because of reports that small debt-collection agencies have started in some major cities, then suddenly disappeared.

The reputable agencies have been disturbed by reports of companies using vans bearing build-painted debt-collection agency names to park outside houses or business premises while staff are inside dunning the occupiers.

There have also been cases of the use of confidential names and information over two-way radio systems between offices and vans.

Section said he believed that a wide membership of ACB was necessary for the image of the industry.

The credit business in New Zealand is small in number of firms and most have two companies within each group — one company to attend to credit reporting and the other to debt collection.

Generally, they do not personally attend to dunning debtors because they feel this impairs their image. Rather, debt collection is undertaken formally through the mail — or through the courts.

The active debt-collection companies that personally dun debtors are generally smaller and numerous.

The biggest company in the country is Creditmen's Dun's,

the main advocate of ACB, which was formed during the 1970s from a large number of small credit-reporting and debt-collection agencies around the country.

As the use of credit expanded and the mobility of the population increased, the tendency was for the small agencies to group into larger networks and then for the larger networks to merge.

Some agencies claim that the industry is highly competitive, but the older-established ones tend to shrug off this suggestion.

The major retail reporting and collection group in Auckland is the combination of Credit Ratings New Zealand Ltd (credit reporting) and Accounts Ltd (debt collection), which probably probes deeper into the credit position of Auckland consumers than any other company.

It is a long-established organisation and the only one which provides actual credit ratings to clients. But an executive said that a staff member would need to be with the firm for at least two years before he even started to compile credit ratings.

Creditmen's Dun's and the other major reporting organisation, the College Group, provide credit reports but insist on credit managers and other

Creditmen's Dun's last year installed a computer to back up credit reporting and it is understood the group has had subsequent administrative problems. Certainly there was a reluctance to answer NBR's inquiries.

Beyond giving the number of branches throughout the country (14) and the number of staff (about 190), the spokesman would not discuss the group's activities, nor disclose information on market share.

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Creditmen's Dun's and the other major reporting organisation, the College Group, provide credit reports but insist on credit managers and other

clients deciding on what kind of ratings they will give potential customers.

The College Group has five branches (Auckland, Hamilton, Hastings, Wellington and Christchurch) and an associate agency in Whangarei. It is the most aggressive operation in the country, with five salesmen, euphemistically called "credit consultants", on the road soliciting business.

General manager Ron Peters is the only executive who openly claims the credit reporting business is "highly competitive".

He said his group had had business growth as high as tenfold over the past six years.

Like the other executives within the industry, he said hard times did not expand the credit business or compound the debt-collection operations. Rather, the expansion of credit through the community had led to the growth of credit-reporting operations.

One executive said that in hard times, debt collection fell off, "because 95 per cent of the community is honest and will not overcommit in times of economic difficulty".

These three are the major firms in the Auckland market and the only ones extending business operations.

Credit reporting is one area in which computer installation has not successfully taken over from manual operations.

Both Credit Ratings Ltd and the College Group say that topping up a computer with information means that files which may otherwise lay dormant for a year or more are being fed information which may never be called on. When a report must be made, personal attention must be given to the file anyway to ensure it is up to date.

Credit Ratings says that the preparation of a report needs to be done by a person with experience and sensitivity, bearing in mind that an individual or company reputation may be at stake.

All the major agencies say that they give access already to any individual or company which may wish to peruse its file, and will then check rigorously any fact which may be imposing a restraint on that person's or company's ability to gain what it considers adequate credit.

Apart from Creditmen's Dun's, they claim that this and the fact that they do not have computer storage of information obviates any need for industry self-regulation.

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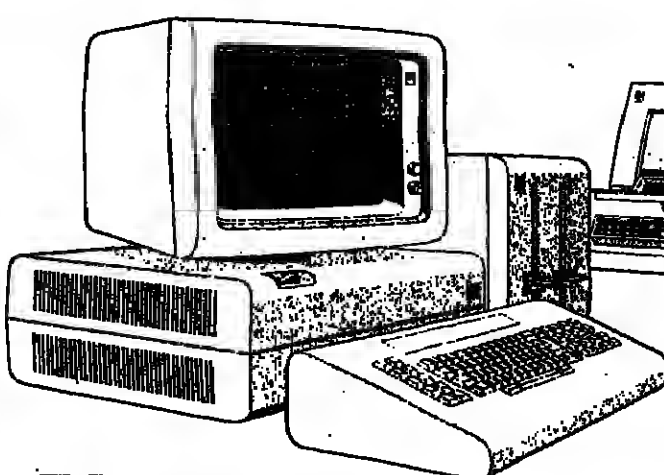
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Free information—costly in time and money spent

AMERICAN journalists and consumer advocates complain bitterly about the cost in time and money of fighting freedom of information appeals.

Nevertheless, fight they did. Case history piled on case history showed they sometimes lost but often won.

American newspapers were not loath to invest heavily in the public's right to know.

The Freedom of Information Clearing House, a Nader organisation, uses its considerable legal talent, not only for the benefit of sister Nader groups, but to help journalists, historians, public interest groups, and the little guy, Joe Citizen, to a share of government-held information.

But in New Zealand we have no Ralph Nader, and few good lawyers willing to work for a public cause for the low salaries Nader pays.

By and large, New Zealand newspaper proprietors would be called gutless by their American counterparts. They frequently knuckle under to even the most spurious "gagging writs" rather than invest legal fees in the pursuit of truth. Thus it is doubtful that they would take on Government in a potentially costly freedom of information case.

On the constitutional front, a fundamental argument against adoption of a freedom of information act here is that it might effect the role and perception of Cabinet as a monolith.

It is well known that our present Cabinet is at best a cracked monolith. Prime Minister Rob Muldoon even jokes about "the Minister of Free Enterprise, Derek Quigley".

Nevertheless, Cabinet is supposed to have collective responsibility. It would not do to have newspapers publishing details of wrangles among ministers... or so the argument goes.

Cabinet papers are secret. But the Cabinet papers that have passed through this reporter's hands contained little hard data that could not have been gleaned from statistics or the *New Zealand Yearbook*.

Detractors of open government claim that a system following freedom of information would be too costly and burdensome to administer.

The chairman of the International Freedom of Information Commission, Canadian MP Gerald Baldwin, pointed out that the American act cost \$20 million to administer in 1978, "which is a mere pittance in relation to the national budget and a small price to pay for the benefits it brings, that is the intrinsic right of the citizen to know".

Baldwin pointed out that the cost of running just one public relations bureau of just one Government department in the United States is estimated at \$20 million a year.

In any case, the costs to government of supplying information to the public do not want must be considered alongside the costs to the taxpayer of receiving government information they don't want.

Parliamentary press baskets fill every day with official blumph from MPs and ministers. Some of this is duly regurgitated by the press. Much of it goes straight into the rubbish tin.

That an American-style freedom of information law flies in the face of the concept of ministerial responsibility is the main argument against the adoption of such an act by New Zealand.

Detractors of open government also question if our government can be both open and effective, if the costs of openness do not outweigh the benefits, and if freedom of information would not impinge upon personal privacy, business confidentiality or national security.

Principles aside, there is the nitty-gritty question of what sort of information should be freely given and to whom and

THIS is part of a series in which Warren Berryman considers the American Freedom of Information and Privacy Acts in theory and in practice and compares the United States system with our own.

informants and governments feared their identities would be revealed under the act they were unwilling to pass on information to the agency.

The CIA's problem clearly stemmed from a misconception of the act by foreign contacts. The CIA could not point to one single instance where release of information endangered national security.

Meyer argued that the American people should not be

scared from releasing most commercial information.

Two years ago the Comptroller-General of the United States produced a report on the impact of the information legislation on law enforcement agencies. The FBI, Secret Service, Drug Enforcement Administration, and Bureau of Alcohol Tobacco and Firearms, argued that the information and privacy acts were scaring off their informants.

But none of these agencies could measure the effect of the two statutes because they had no way of determining the value of information not received.

These agencies said 50 per cent or more of the requests for information came from persons convicted of crimes. The agencies assumed criminals were using the legislation to find out who informed on them or how to avoid conviction by discovering how law enforcement agencies operated.

The Comptroller-General buckpassed the question to Congress, saying the proper

balance between openness and the needs of law enforcement was a matter of perspective. "It's up to Congress to weigh the significance of these difficulties against the benefit derived from openness and privacy protection of the act," therefore.

The Information Commission established as a permanent legal precedent in *Loughlin v. Rosen* case. A professor wanted access to Service Commission personnel management reports. The Government refused. A federal court held that to meet the burden of proof, the Government must submit some index of information withheld together with justification for withholding each bit of information.

The professor got his information. The Government paid the legal costs.

Except in cases covered by the third exemption, agencies are at liberty to release information even if the information is covered by one of the remaining exemptions.

And this brings us to the act called "reverse Freedom of Information Act suits". A federal suit under the act brought by somebody seeking information. A reverse lawsuit brought by a person or company which, after submitting information to the Government, seeks to prevent release.

Exemption four dealing with commercial information evolved through many battles to rest on a test of substantive competitive harm by withholding information.

Chrysler Corporation brought a reverse freedom of information suit against the Defence Department in 1979 to prevent this agency's release of "confidential documents". The Supreme Court sided with Chrysler's bid with a unanimous verdict, saying those who provide the Government with information have no right to force the Government to invoke the fourth exemption and keep the data secret.

The Supreme Court decision did not, however, put an end to reverse lawsuits. Last year, for example, American TV manufacturers brought a reverse suit against the Consumer Products Safety Commission to prevent it from releasing data on TV set accidents.

Reverse suits could have a major impact on consumer interest bodies now obtaining consumer research information under the act.

Message from the banks — for whose benefit?

by Grev Wiggs

WITHIN a day or two of our mentioning advocacy advertising in a review of Clemenger's *Corporate Dilemma* (Admark, February 16) we were presented with an example in the columns of our daily metres.

Headed "A Message from the Banks", it dealt with the recent industrial action taken by the banks officers union and appeared in the name of the member banks of the New Zealand Bankers' Association.

The advertisement had obviously been produced at high speed, resulting in a straight typographical format which put somewhat of a tax on legibility.

The headline, "A Message from the Banks", raises the question "to whom?"

The first part of the copy set out the rival stances of the two parties — positions which had already been well covered by the media.

The second part contested statements that had reportedly

been made by union leaders.

The last portion of the copy said that the banks were aware that many of their staff did not wish to participate in strike action and, enigmatically, "that they wish to carry out their normal duties by the union."

This was followed up by an assurance that banks would not permit those who attended work to be penalised. And there were expressions of concern for the inconveniences suffered.

So which public are the banks addressing? Are they talking to their customers to explain the facts and counter any adverse reactions? Or to striking employees to discredit statements made by the union leaders?

Or to non-striking employees to reassure them that their decision to work will not result in an unpleasant backlash.

If the advertisement seeks to switch opinion on the issue, whose opinion is it trying to change?

Rushing in to print on a public issue can be a knee-jerk reaction.

There is little or no time to discover what attitudes are held and who holds them, what groups you should specifically talk to and how you can hope to change their attitudes.

Unless you have the answers to those questions before you start, is there really much point in starting at all?

A MESSAGE FROM BANKS

The Trading Banks wish to express their concern over the current industrial dispute which is inconveniencing their customers and the general public.

The background to this dispute is:

- The New Zealand Bank Officers Union is claiming a salary increase of 20% including a special increase of 8% to cover greater risks and responsibilities which the Union claims are required by bank work.
- The banks have responded with an offer to increase salaries by 13.5% to 17.75% together with comparisons in other areas. This is in line with increases in other awards.
- In the banks' opinion there is no justification for a special increase of 8% as they contend that the system of grading under the Bank Officers Award already recognises individual job skills. In addition, the Union have not put forward any reasoned argument or documentation in support of this claim.
- The banks have invited the Union to resume negotiations in consultation or to join them in having the outstanding issues referred to the Arbitration Court.

PUTTING THE RECORD STRAIGHT



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Cable-Price TOYOTA

Whangarei, Auckland, Rotorua, Tauranga, Tokoroa, Porirua, Lower Hutt, Wellington, Nelson, Christchurch - L.M.V.D.

what sort of information withheld.

One of the exemptions from disclosure under the American legislation (see panel at right) covers national security.

American courts are becoming increasingly willing to defer to the Government's expertise when defining "national security," according to Kathy Meyer, lawyer for Ralph Nader's Freedom of Information Clearinghouse.

Last year Meyer and others pleaded the case for open government against the CIA before a Senate select committee on intelligence.

The CIA wanted a blanket statutory exemption so it would be free to withhold information under the information act's exemption three. The CIA argued that because foreign

denied information merely because of foreign misunderstanding. She offered to conduct seminars for foreign informants, but was turned down.

The CIA lost its case, for the time being at least. The Senate shelved its request.

In a parallel case the public lost its access to information through statute. The Federal Trade Commission, the agency acting as public watchdog over unfair or fraudulent consumer practices, was upstaging investigation into fraudulent practices, releasing information to the public, which in turn petitioned the agency for further action.

Industry leaders lobbied Congress, which passed a statute prohibiting the commis-

The US exemptions from disclosure

THE nine exemptions to the American Freedom of Information Act under which the Government may refuse information:

(1.) Documents stamped "top secret, secret, or confidential" pertaining to national security, defence or foreign policy which are properly classified by executive order.

(2.) Information relating to internal staff rules and procedures of an agency. This covers such things as employee parking and cafeteria regulations. Staff manuals instructing inspectors or agents how to do their jobs are not exempt.

(3.) Records specifically exempted from disclosure by other statute.

(4.) Trade secrets and commercial or financial information obtained from a person and privileged or confidential.

To use this exemption the Government must prove the information is confidential and that its disclosure would impair the agency's future information-gathering and cause substantial competitive injury to the supplier of information. This exemption covers only information given to the Government in confidence. Government-prepared documents based on Government information are never exempt under this action.

(5.) Inter- or intra-agency memoranda or letters that would not be available by law to a party other than an agency in litigation with the agency. In general, factual parts of these documents must be disclosed but advice and recommendations on legal and policy matters may be withheld.

(6.) Staff and medical records of which disclosure would amount to an unwarranted invasion of privacy.

(7.) Investigatory records compiled for law enforcement purposes. These records may be withheld if disclosure would interfere with, or be prejudicial to, the proceedings, or if disclosure would constitute an invasion of privacy, or if disclosure would be detrimental to the national defence.

(8.) Reports on the activities of or supervised by intelligence or security institutions.

(9.) Geological or geophysical data.

Unreadable PR copy

by Warren Berryman

WELL known Auckland PR man John Spedding is still churning out copy in his semi-retirement. The trouble is, none of his old media mates can read a word of it.

Spedding recently gave up the British Airways PR account and joined BA sales and marketing manager Norman Beard in a publishing venture called Japan New Zealand Publications.

Production of their magazine, *Shopping New Zealand*, is an exercise in international logistics. Spedding writes the copy (mostly backgrounders on companies advertising in the magazine), in plain Kiwi English. The copy goes to Hawaii for translation and typesetting, and is sent for printing and binding, then the publication is dispatched to Japan for distribution.

The first load of 10,000 copies flew to Japan last month.

Spedding expects circulation to run at 22,000.

The magazine is distributed free through Japan Airlines and Air New Zealand as an inflight magazine, and through travel agencies and hotels.

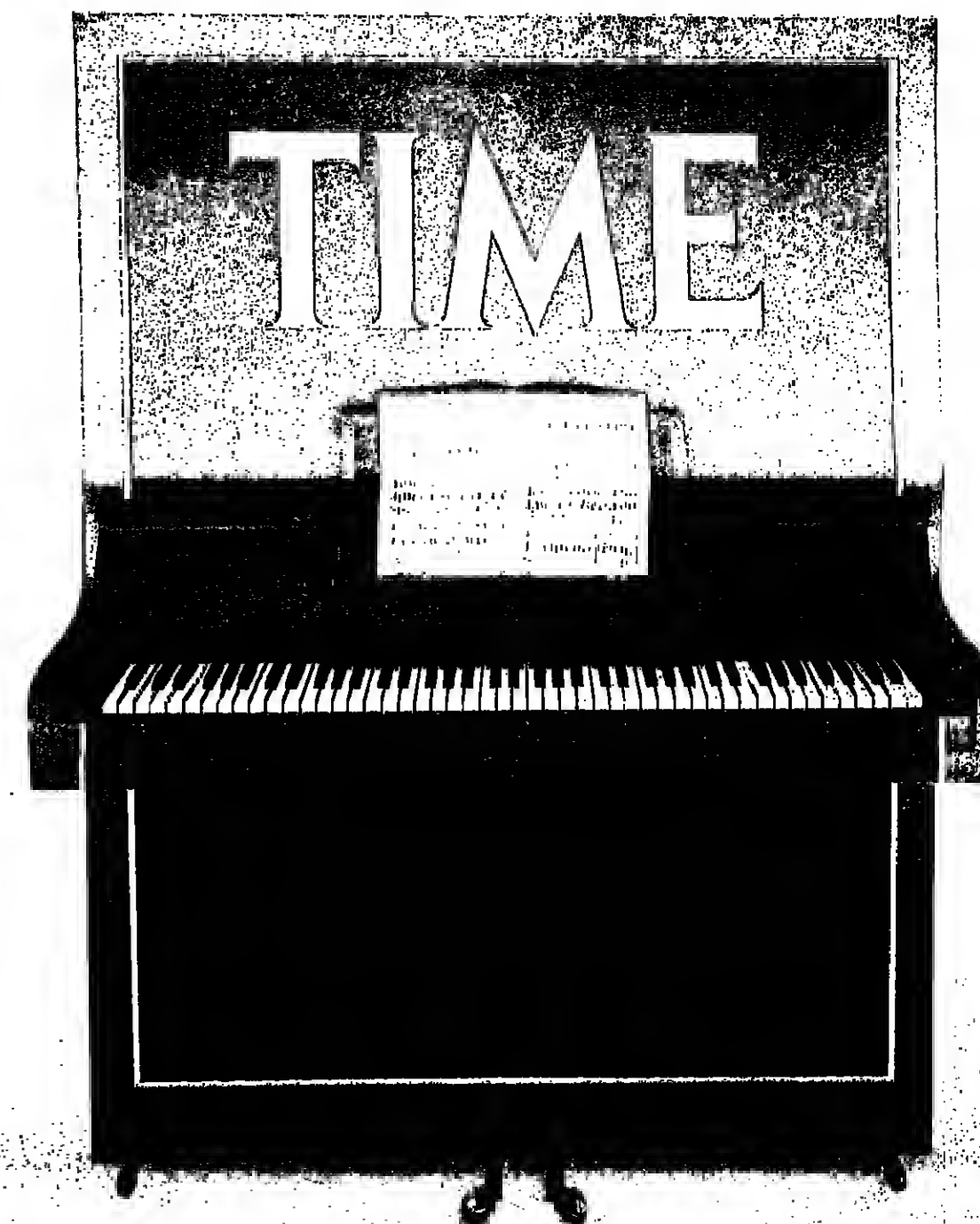
Advertising is aimed at Japanese tourists.

Ad rates run at \$600 a page for black and white and \$1000 a page for four colour.

Spedding said he expected ad revenue to run to \$22,000 an issue, plus contra-deals, and production costs at \$14,000 to \$15,000.

Advertising response has been so good, Spedding said that he expects to increase the frequency from a twice-yearly to quarterly.

The first issue's 44 pages carry plenty of ads and little editorial copy. The Japanese tourist might be in doubt about where New Zealand, but he'll know where to buy what when he gets there.



TIME ENTERTAINS.

Which weekly news magazine serves so many readers?
(84% regularly serve or use alcoholic beverages at home.)
Which weekly news magazine mixes so well with its audience?
(81% entertain at home in an average week.)
And which weekly news magazine is the biggest social success?
That's right... TIME.

Survey of Time New Zealand primary readers by Evans and Morgan, August 1979.

Shopkeepers not yet sold on Saturday trading

by Rae Mazengarb

RETAILERS are far from sold on the benefits of Saturday trading.

Some say it is still too soon to make judgements and are "hanging on in there" in spite of poor returns, but others have given it the "thumbs down" after taking a critical look at post-Christmas figures.

Some areas are obviously booming, but in others the former enthusiasm for extending the shopping week has pegged.

Even the traditional pre-Christmas surge in retail spending made Saturday trading only marginally successful for some.

As one retailer said, it is not clear if shoppers really want what they asked for; until demand picks up and a regular pattern is set, there will not be mass Saturday trading.

Retailers Federation president Doug Turney summed it up as "an evolution, not a revolution".

In Wanganui all retailers — apart from Woolworths and hardware shops — had found Saturday trading was not worthwhile; trade was not consistent enough to warrant opening.

In fact, retailers have decided to hold their annual gala on a Tuesday rather than a Saturday to ensure greater support from shoppers.

It was likely Wanganui retailers would take advantage of the new legislation only occasionally, perhaps at Easter, Turney said.

Even in parts of America, he noted, some shops were changing their opening times to reduce costs.

"There is a new move generally to open only when there are people around... but it's very much a guessing game," he said.

Changes to traditional opening hours will obviously be tempered with cost. "It's worthwhile for each area to work out its own destiny," Turney said.

This seems to be what is happening around the country.

According to a Hawke's Bay retailers' representative, Saturday trading in Hastings was a flop, though some shopkeepers feel they should have persevered and believe it might be tried again toward the end of the year.

One retailer said he had turned over sales of \$2000 one Saturday, but after taking into account the cost of the goods and wages, he found he had made \$5.80.

"Who wants to work on a Saturday for that kind of money?"

In Napier, Saturday opening appears to be good business — but mainly for sole traders. There may have been no profit

in it for department stores, but trading has so far been buoyant.

One retailer said he had picked up his Hastings competitor's business by opening on the Saturday.

Another said it seemed from what customers were saying, that a great deal of TAB money was being channelled into retail spending.

Retailers in smaller communities such as Taradale have made a firm decision to try the new trading hours for 12 months. Response from shoppers has been excellent, according to one source.

He suggested there were two places in the Hawke's Bay area which would do well to continue trading normally on a Saturday: Taradale and Havelock North.

"They could become boom towns for the day, equal only to such centres as Coastlands and New Brighton".

But already Paraparaumu's Coastlands shopping centre — which before the legislative change commanded the custom of Saturday shoppers from Wellington and the Hutt Valley

and north to Levin — is aware that a downturn in trade could be in the offing.

According to centre manager Bill Stevens, late November and December set a new trading pattern, but the effects were still difficult to gauge. Turnover at Coastlands was down on previous years, but then there was a natural downturn everywhere, he said.

It was difficult to attribute lower returns to competition or just natural fall-off in trade.

Stevens said there appeared to be little change in the flow of people through Coastlands, but acknowledged the fine weather continued to attract the day-trippers.

"Whoever will be the test," he said, but Coastlands' retailers had decided to open from 9am to 6pm every Saturday bar Anzac Day.

While distance was a factor which could work against the area during the winter months, consistency of service would continue to attract shoppers, Stevens said.

"People will get disenchanted as shops (in other areas) open one weekend and not the next."

New Brighton is still being strongly supported, but it is receiving very little competition from other Christchurch areas.

Canterbury and Westland Retailers Association president J Willis said the Merivale Mall had been the only Christchurch shopping centre (apart from New Brighton) to open for Saturday shopping since Christmas. "And that's only been relatively successful."

No other major department store had bothered opening, proving that in Christchurch the phenomenon was a "non-issue", he said.

In the rest of the Canterbury area — Ashburton, Timaru, Raglan — there appeared to be no interest, Willis said.

Many traders were keen to open, but were disappointed at the level of customer support.

In Dunedin, Saturday shopping is similarly having little impact. Again, trading was not buoyant during the pre-Christmas demand. Major department stores such as the DFC and Haywards left the business that was going to the smaller shops, said a retailers' representative.

Apart from Woolworths, only about half the original number of shops were still "hanging on" to the Saturday trade, he said, and some were just breaking even.

In the Wellington area, some retailers are finding Saturday shopping a waste of time, while others are finding strong support.

In areas such as Lower Hutt and Wainuiomata, traders are mixed in their reactions.

Wellington's Manners and Willis Streets.

Business is regular in Cuba Street, and Lambton Quay is marked by strong pockets centred around the new Quayside complex.

According to Wellington Retailers Association secretary David Longdale, retailers along Lambton Quay are working hard to generate support from traders who are not yet convinced there are profits to be made from Saturday trading.

Their idea is that the more shops open, the more people are attracted into the area.

Johnsonville and Kilbirnie report shops extremely busy, with most keen to trade on Saturdays.

Auckland Retailers Association president Peter Healey said most Auckland shops "gave it a go" on the three Saturdays of December and found trading thriving, but sales tended to take from Fridays and Mondays.

Overall trading was up for the month, but Healey pointed out there were three extra trading days in that month compared with the previous year, on top of the three Saturdays.

January was different, with a definite drop in sales. Many — particularly the smaller stores — closed their doors to Saturday trade, he said.

The February pattern was similar, but Healey said it was too early to analyse the trend.

"It's a fact, there will be those who will want it, and those who won't," he said. Some already felt it was too costly.

Analysing the figures has been difficult because of the long holiday period and the Waitangi Day closures, but Healey said February sales could be encouraging and may set the pattern for the next few months.

Many retailers around the country are banking on growing support as the year goes on, but in some areas shopkeepers are showing an increasing desire to work in concert.

Some are planning special events to attract the shoppers on pre-selected Saturdays, occasions that will rely heavily on the enthusiasm of other retailers. For example, some areas plan to take a month and make it a festive period.

Others have agreed to open Saturdays for a trial period of six weeks.

Other institutions such as banks are watching the Saturday experiment closely.

The Retailers Federation admits it is still very much a crystal ball-gazing exercise, but hopes to be armed with more feedback from representatives before the annual conference in Queenstown from March 14 to 18.



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- As the position involves direct negotiation with major accounts and managing a sales force, the person needs proven experience in Area Sales Superintendent.
- Preferably experience in the grocery field to deal with sophisticated buyers.
- Drive and initiative, with strong time management capability.
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Barley growers turn to 'go-it-alone' marketing

A SPONTANEOUS revolution sparked by low prices will ensure that barley growers get more for their crops this year.

Originating on the Canterbury Plains, the South Island Export Barley Society has signed up 400 members since last July, all determined to get a better deal.

The barley trade has been dominated by a consortium of stock and station agents and the Canterbury NZ Maltng Co Ltd, suppliers to the breweries.

Both offered farmers fixed-price contracts in July and August for the crop to be planted in August and September. To offset their risk, they frequently resold immediately on the world figures market, contracting to deliver at a fixed price after harvest.

Prices offered were often lower than those obtainable on the world market in February and March, when the southern hemisphere crop was harvested.

But individual farmers were in no position to do better. To trade on the world market it is necessary to command tonnages above 10,000 tonnes.

Disatisfied with their comparatively low return, reflected in falling barley acreages — 78,450 hectares in 1979, 74,949 hectares in 1980 — a group of mid-Canterbury farmers decided it was time for a change.

Prime motivator and the society's first chairman was Federated Farmers mid-Canterbury agricultural section chairman, Graham Robertson, who farms near Methven. Robertson said the idea was not new, but the conditions were ripe for a spontaneous change last July when the society was born.

Federated Farmers has given its support. The society's headquarters are the Farmers' Union office in Ashburton.

Regional officer Steve Connell will formally join marketing manager Murray Gilbert as the society's full-time management later this year.

Robertson says Gilbert is the most experienced barley trader in the country, formerly employed by one of the leading stock firms making up the barley trading consortium.

Robertson says the society's first foray into world commodity trading has been a success.

"We made a large sale in December when we estimated prices peaked," he said.

That sale to a West German dealer who buys extensively for the Soviet Union guaranteed B pool shareholders \$170 a tonne.

There is also an A pool, now closed, for growers who wanted a fixed price. All but 10 per cent went for the open market B pool and newcomers are forming the C pool for later open-market sales.

Returns will be a proportion of the total pool return, less about \$3 a tonne for handling. Merchants charged between 5 and 15 per cent commission on their price.

The results have been immediate. In July, the merchant consortium was offering contracts at \$130 a tonne and the maltng company contracts at \$135.

Merchants are now offering to buy at \$148 a tonne and the maltsters \$158.

Beer and eggs have also gone up in price to compensate for the higher cost of feed grains and malt.

Robertson said it was in the growers' interest to make sure the domestic market is supplied with its needs.

"But they must understand that the price they have to pay bears some relation to the export price," he said.

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Robertson estimated that the 400 members of the co-operative grow 7½ per cent of the barley crop, which averages 320,000 tonnes.

Next season will "sort the men from the boys", Robertson said. The co-operative is launching a membership drive in Southland and Otago, increasing its competitive edge against the merchants and maltsters.

Those joining will pay a \$20 membership fee to take a risk on a higher net return. Once joined, Robertson said, the members were under no long-term obligation to supply the co-operative.

New contracts would be signed every year.

The merchants' barley consortium, comprising Pyne Gould Guinness, Wrightson NMA, Dalgety's, Hodder and Tulley, NZ Farmers Co-operative and Canterbury Farmers

Co-operative of Timaru, has yet to feel the effect of the farmers' co-operative on barley supplies.

Harry Lambton-Smith, immediate past consortium chairman and chairman when the farmers formed their export group, said the consortium expected to export as much barley this season as it had in the last few years, 300,000 tonnes. A good season and high yield will ensure that.

Lambton-Smith rejects criticism that the consortium was too conservative in its approach.

"About the middle of July, farmers would be knocking on the merchants' doors wanting to know what prices were going to be paid for linseed, barley and peas," he said.

"We tried to offer an attractive price as possible. We preferred farmers to put the plough and grow barley."

The world barley market was much more volatile than the wool market, he said. And the co-operative had been fortunate to begin operations when the market was strengthening because of the United States grain embargo on Russia against the background of the Iran-Iraq war.

Prices peaked in early December when the farmers sold their 8 pool.

The market was not always so kind, Lambton-Smith said.

"Two years ago the merchants lost a lot of money because they held on and the market did nothing but go down. They finally sold in March at a loss," he said.

Merchants had rejected barley farmers' approaches last year to modify marketing arrangements as "too much of a gamble", Lambton-Smith said. "In effect they wanted to organise the tonnage and

wanted us to sell it.

"If we are going to sell something, we want to know if we are going to have it or not," he said.

Next season will be the export co-operative's test. In its favour is the reaffirmation of the grain embargo against the Soviet Union by the Reagan administration in the United States.

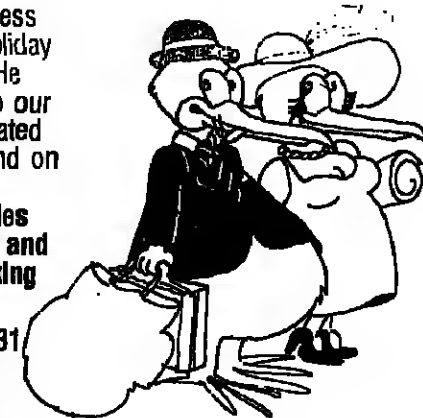
But the price will depend also on the northern hemisphere summer and the harvest yields, particularly in Russia.

Past attempts by farmers to control their products beyond the farm gate have not always been a success, Lambton-Smith points out.

Linseed growers round Ashburton took a tumble last year — "they gambled the wrong way" — trying to export their own crop, resulting in a substantial reduction in acreage of the oil seed this year.

Quick!

Who had the most successful Australian business trip?



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SYDNEY/KINGS CROSS — 8 DAYS FROM \$582
Staying at the Hyatt Kingsgate

SYDNEY/NORTH SHORE — 8 DAYS FROM \$542
Staying at Camperdown or North Sydney Travelodges.

SYDNEY & MELBOURNE — 8 DAYS FROM \$701
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Your choice of accommodation at either the Sydney/Melbourne Travelodges or, for extra, Sydney/Melbourne Hilton Hotels. Includes inter-city return air travel.

SYDNEY, BRISBANE & SURFERS PARADISE — 12 DAYS FROM \$724 (16 Days from \$819)
Combine work and pleasure with 5 nights Sydney, 1 night Brisbane, 4 nights Surfers — Includes Travelodge accommodation in Sydney and Brisbane and Bahia fully self-contained apartment in Surfers plus all internal air travel.

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to facilitate specific tasks. So you can fit the same number of people into smaller space without sacrificing productivity or comfort.

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The smile on TV that identifies Bruce Beetham.

by Colin James

MOST people probably see Bruce Beetham as a smile on television. He is that warm, good-humoured, sincere fellow who isn't the other.

Cartoonists always look for some salient feature to pin their caricature on. Arnold Nordmeyer's bald head, Robert Muldoon's dimple in his early years, Norman Kirk's great bulk.

There is similarly no difficulty with Beetham. From the start cartoonists have drawn him round a wide, toothy smile.

Jimmy Carter was another politician with a smile. But his smile drew the skin so tight on his face that it seemed a major feat of muscular engineering.

Beetham's smile explodes across his face, at least twice the breadth you expect from looking at the rest of his features. But, once there, the

Does the Beetham smile tell the whole story of his appeal? In this seventh article in a series, Colin James continues his exploration of the complex character of the man who has put a spoke in the two-party machine. Can he, for example, withstand a big setback?

smile looks as if it belongs. There is nothing unnatural or forced about it.

It is magnetic. Close up, Social Crediters regard their Bruce with feelings that range from warm pleasure to adoration. I have yet to come across one who does not respect him; most admire him.

Social Credit activists have no problem or doubt about working for Beetham. Many Labourites or Nationalists may keep their spirits up by working for what they see as a grander or more enduring cause. Social Crediters work for Beetham and Social Credit.

The magnetism works at long distance, too. He is a natural on television.

"I've never calculated as far

as television is concerned," he says. "I just go on and be me.

Which is the secret of television. It does not convey facts and figures; it presents an image of the subject, ghost-writes the personality.

Rowling on the box is the pleasant chap who keeps seeing the other person's point of view and saying "at this moment in time". Muldoon is rough and hard. Beetham is the reasonable sounding guy with the smile.

It is not hard to guess which one is right for the times. The times demand someone who gives a strong impression of knowing where he is going; and they demand a healing, not a destructive personality.

This eliminates the woolly men and leaves Beetham. Well,

the television Beetham, at least: the man with the easy smile, the smile of confidence; the man who is sure he can get people on his side, sure he has what it takes to get a long way down the track.

So is Beetham, then, some sort of political Cheshire cat? Just a smile suspended in mid-air above a branch? Attractive, mesmerising — and insubstantial?

Political opponents, who regard him as an irritant unsuited to political 24/7, claim he has a "short contact life" and that he has a short enough fuse to permit them effectively to blow his cool. Get that smile off his face in other words.

By the first they mean a combination of arrogance and brusqueness (and in some cases failure to follow words through with action) can turn people off him.

They quote examples from his electorate of Rangitikei and ask why he stayed mayor of Hamilton only 18 months?

As to a short fuse, they quote examples where he has responded angrily or huffily — beyond what the occasion has called for, or even in contradiction to what the occasion demanded: a personal rebuff or an intemperate speech.

This has been visible — once — even to the public.

When the Labour Party, in a pamphlet in August last year, recalled the anti-sentiment in his later years of Major C. H. Douglas (the inventor of Social Credit monetary theory), Beetham blew his top on television.

Why? "Provided I'm not emotionally hurt, I'm very calm. That sneer campaign last year hurt me, so I reacted accordingly."

Was that a natural reaction, then, not a staged one, as he has suggested since?

"Both. It was probably politically necessary to do the way I did, but I didn't think to stage it to do it."

"The use of the word 'emotionally hurt' is intriguing. Beetham paused twice before he began that sentence before carrying on.

Put that beside his comment in response to a question about his consultants (he says he has about half a dozen).

Question: These are people who give you emotional as well as political support. Beetham: Not many people give me emotional support.

Are you self-sufficient emotionally? — Yes, pretty well. I don't look for emotional support. But I do look for a sharing of ideas and advice.

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Our new First Class service goes beyond sleeper seats. We are featuring only premium brand beverages, some truly elegant wines, and a meal service that rivals fine restaurants. Along the way, we add all

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Heylen poll: There may

by Colin James

AMID the turmoil of the recent public opinion soundings, a pattern may be beginning to emerge — but it is far too early to draw even short-term conclusions. Let alone give a pointer towards November's election.

The latest Heylen Poll, taken on February 7, just three days after Duane MacIntyre was made Deputy Prime Minister by his colleagues, had National at 40.0 per cent, Labour at 33.2 per cent and Social Credit at 25.9 per cent.

This came hard on the heels of a New Zealand Herald/NRB poll showing National at 38 per cent, Social Credit at 31 and Labour at 30.

The NRB poll is being taken at too wide intervals to show trends. In the Heylen Poll, as the graph shows, Social Credit appears to be levelling off — perhaps preparatory to beginning an autumn descent, as it has done in each of the three past years.

The graph suggests also that National, after climbing through 1979 to August, 1980, may now be slowly falling — as it did during the early part of 1978 election year.

And Labour — after having held roughly steady from the election to late last year, when suddenly plummeted — has been slowly rising over the past five months. It is also clear: National than it was at the outset of 1978.

What has suddenly thrust National upwards is hard to say. Prime Minister Robert Muldoon's soaring popularity jumped back up in the February 7 Heylen Poll to 32.5 per cent after two months of playing the strong man and outmanoeuvring his opponents within the party.

But his choice for deputy, MacIntyre, still scarcely registered — at 1 per cent, up from 0.3 per cent in early December but below a peak of 2.7 per cent in mid-1980.

His principal opponent for the deputy leadership, Des Quigley, bounced on to the scale at 1.5 per cent, suggesting that as far as the public had to do with opinion, the deputy leadership, it preferred Quigley (though one must be careful of the popularity rating as a choice for Prime Minister, as deputy).

Retiring deputy Brian Tā-

In Changing times.



skin-deep cover for flashpoints of anger?

He has emotional support, of course. His second marriage, presumably, gives him that.

But for a long period in the late-1970s, when his first marriage was going sour (he won't say why), he not only carried the leadership of the league and a new career as an MP during a turbulent period, but himself as well.

He is in some respects a loner. Describing his "operational code" in *Political Science* last year, Dianne Davis distilled a Beetham belief that "politics is a lonely profession".

In an interview with Geoff Chappell in 1978, Beetham said he had often felt to be in a minority of one. "I've always been a maverick, I suppose."

"I've always been isolated in public life. I have my friends and they give me damn good support and that's all I need."

He clearly has considerable internal strength of the sort necessary to handle high office.

But that often carries with it a corollary: a flashpoint, at which anger, resentment or frustration erupt. That Beetham has such a flashpoint is suggested by his reaction to the Labour "smear" and his occasional over-reactions to needling by opponents in Parliament (though he claims these over-reactions are on occasion deliberate).

Would higher office bring him to the flashpoint more often? Perhaps his occasional quite hard treatment of league members is a straw in the wind.

Is there also an authoritarian strain in that wind? He seems, for example to have been ruthless last year in getting Sacred stalwart and League of Rights sympathiser Bill Ross

out of the education committee.

Beetham himself rejects the ruthless tag and explains his actions by single-mindedness — and there is logic in his point.

Who would not get impatient — as he acknowledges he does sometimes — with Sacred amateurs in a party where organisational sophistication has not long been more than skin deep?

He says he occasionally deliberately over-reacts to league activists — "you pick and choose your time" — but insists it is not to eliminate opposition.

"To the extent that I have occasionally done my scene, I have done it to wake people up — either getting them back to reality, or getting some fast action on something that was taking far too long."

"I don't suffer fools gladly. I can tolerate them for so long and then they get the sharp end."

Not suffering fools may contribute to the stories of "short contact life". And while partly these stories are no doubt attributable to opponents' malice and envy, there is enough to suggest he does sometimes over-step the "sharp end" mark.

Speaking to a group of women once, for example, he countered a questioner with a putdown reference to his historian background (therefore ipso facto authoritative) without being aware that the questioner's qualifications — a doctorate subsequently a full professorship in a related field — far outpointed his own.

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Is there a "right" version? Most likely both are right — with, for the moment anyway,

were in a class on our own

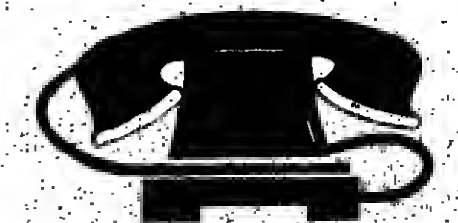
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losing contacts, Beetham is rapidly building them up. They say he is accessible, attentive and hardworking.

In any case, as league leader, and, for most of his time as an MP, one-man parliamentary band, demands on his time do not allow minute attention to his electorate.

As for Hamilton, Beetham points to a poll which gave him 75 per cent backing at the end of his term. He says he decided not to stand again for three reasons: the impossibility of doing justice to both league leadership and mayoralty; his failing marriage; and a feeling he had done all he wanted to.

"I like to get in and change things and I don't have a great desire to sit there and administer them."

Is there a "right" version? Most likely both are right — with, for the moment anyway,

the balance of evidence favouring the approachable, productive Beetham over the prickly or offhand Beetham.

He is not an invincible island. There do appear to be moments of self-doubt. MPs sitting near him in Parliament noticed a marked change in his usual cocky demeanour when things did not go well for the Sacred in the Otago by-election last year.

While he is on a confident upswing, such moments can be ignored for practical purposes of assessing the man and his potential. Nothing succeeds like success, especially for the succeder.

But will one day a moment of self-doubt display itself publicly enough to let the National and Labour toothpullers at that Cheshire smile?

NEXT WEEK: The life and soul of the Beetham Party.

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Wine

World expert appraises wines, praises seafood

by Frank Thorpy

NEW Zealand wines and vineyards have been attracting experts from many countries, particularly Germany, but most of them have some vested interest either in selling vines, expertise or machinery or in wine marketing.

It is not often we see an acknowledged expert who has no vested interest but has an inquiring mind.

Francis Guth, who visited last week, is a Falstaffian figure, citizen of the world with an apartment in Singapore, a ducal palace in Spain, a condominium in Texas and former homes in Ireland and on the Grand Canal in Venice.

He has an encyclopaedic knowledge of the world's wine and food and is an avid seeker after the truth.

At one time he was a partner with Alexis Lichine in Chateau

Lascombes in Bordeaux and started what is now regarded as one of the best restaurants in Mexico City, Los Brisas, simply because an American oil construction gang with whom he enjoyed many memorable meals, pulled out of Mexico leaving behind a remarkable Chinese cook for whom he started a restaurant.

These interests, purely hobbies, have been sold long ago. And he and his wife, Jenny, in between staying in their various houses, roam the world tasting wine and food and visiting their friends, many of whom have been entertained in their palace in Spain.

Though well steeped in the great wines of France and Germany, he is particularly impressed by the great wines of Eastern Europe. He feels the wines are well made and prices reasonable.

Bulgaria has just planted

18,000 hectares of Chardonnay. Rumania is planting only classical varieties and Yugoslavia has completely modernised its industry.

One large co-operative in Slovenia, Jersalem Ormuz has a production not far behind Gallo in California and the wines are of quality, so much so he feels that California and Australia will be facing tough competition in export markets in the very near future from Yugoslavia.

He tasted or sniffed the bouquet of about 100 different New Zealand wines.

He feels that back-blending (essentially the addition of grape juice to the wine in order to increase its lusciousness) is very much overdone and that our white wines will never amount to much until they are completely fermented out dry.

In a tasting at Cooks Winery he thought that a 1973 Cabernet

Savignon (now a museum piece) was one of the best Cabernets he had tasted in Australia or California and that the 1980 Chasselas which had no back blending, though not a great wine was well made.

Hethought that McWilliams 1967 Cabernet, the oldest he tasted, was drinkable and that more recent vintages were not up to the same standard.

Nobilos 1977 Cabernet was a well made wine, albeit from very young vines - Penfolds Cabernet Rose was also a drinkable wine but he was not enamoured of the various Traminers and Chardonnays he tasted - he felt none of them had the characteristics of the grape.

He was eloquent over some of the seafood. A crayfish (he refused to call it a lobster) cooked by friends at Langes Beach, he regarded as one of the three best he had ever tasted.

the others being in Morocco and off the Dalmatian coast.

Tuna, scallops, panar, rock lobsters, mullet roe, squid, all excited his interest. But his great praise was reserved for the sea eggs (the Maori Kina - ours in French culinary terms).

He was able to try not only fresh ones from Auckland but also through the agency of skin-diving friends in Wellington, varieties which he declares to be better than the Auckland ones, coming from colder waters.

He said one of the five roes

each shell contains on average with a piece of sea costs \$10 a plate in restaurants in Japan.

Each segment of sea egg is worth about \$2.50 in Japan. On that basis he does more than \$200 worth of sitting.

He understands some eggs are exported but demand overseas is so great as other sources are being depleted.

Almost skin divers say sea eggs are thickly smothered in sea eggs. If that is the case, New Zealand is a valuable export opportunity.

March 2, 1981

Marketing

Who researches researchers?

by Allan Parker

SO the boffins in the back room have come up with the greatest product since sliced bread.

As marketing manager, you know it will make a million. But how do you persuade the boss?

Market research seems the logical answer; a sample survey of your target audience. The beauty of it, too, is that you can set the questions to support your theory. And the market research company isn't going to argue too much - it wants your business.

That scenario has become common enough to prompt statisticians and market researchers to offer comment on the technical and statistical standard of surveys.

The committee, jointly manned by New Zealand Statistical Association and Market Research Society members, is offering the service to the media and the public to ensure the surveys under question:

- Met the minimum standards for survey reporting set by the two groups;
- Used the appropriate method in view of the stated objectives;
- Used only the evidence presented to support the stated conclusions.

The convenor of the Survey Appraisals Committee is Dr John Deely, professor of statistics at Canterbury University.

He says: "I have become increasingly aware both as a casual observer and as intimate participant that decisions in a wide variety of business and government activities are being based on 'facts' obtained from sample surveys.

"Upon investigating the reliability of these 'facts', it has been the exception rather than

the rule that one could substantiate the claims on the basis of the data presented.

"Essentially, this is my assertion: decision-makers of various kinds in government, business or education (including university researchers) often have a particular hobby-horse to ride - they know what they want to happen, they know what will sell the product, they know what sells newspapers, they know what the public wants to see and hear.

"And with remarkable coincidence the data always seems to support their view."

Thus, argues Deely, the consumer or public is presented with information as though it were factual and reliable only to learn later under professional scrutiny that such was not true. Deely has identified a number of deficiencies in such surveys.

These include subjective interpretation: "There is often a confusion between what the data says and what the person looking at the data says. The danger is that that person's statement is taken with the same degree of validity as the data itself."

Another concern is that a claim made from a survey analysis can be contradicted by the data. "This happens generally when either some data is not reported or a particular grouping of some of the data is used."

When all the data is used the particular claim made initially is not supportable as the only truth.

Deely is also worried by inadequate consideration of errors in a survey. These include question and/or answer wording that is highly subjective, leading questions, question ordering or psychological

and/or sociological factors affecting the person's response to questions on a certain topic.

Sampling errors such as size of error bounds and inadequate consideration of non-respondents can also make survey results suspect.

A particular worry to Deely is the secrecy that often surrounds the raw data used for survey analysis and interpretation.

"If results from surveys are quoted as reasons for particular decisions, then the raw data should be available to all interested parties affected by the decision," he said.

"Coded responses of individuals can be given out without destroying confidentiality. So often I think raw data is not available because of fear that closer scrutiny will not support the decision taken."

Deely cites two examples of surveys with which he takes issue.

The first is a Nurses Society survey about contraceptives and their availability to the public.

The questionnaire was mailed to 1000 members of the society and 36.9 per cent responded. About 88 per cent of those said all persons who want contraceptives should be able to obtain them.

Yet a press report about the survey claimed "most nurses think everybody who wants contraceptives should get them."

Says Deely: "Firstly, only 40 per cent of the 1000 members responded. That means six out of every 10 of those surveyed did not tell the surveyers what they thought.

Eighty-eight per cent of the 40 per cent may have supported contraception for all, but there's 60 per cent out there you don't know a thing about."

A DSIR survey last year into white wines also comes in for some Deely flak. The survey consisted of 60 different wines for testing and an Auckland Press Association report said results of the survey showed "the average quality of white wines is poor."

The DSIR would not release the results because the Food and Drug Act insisted on confidentiality.

Yet, says Deely, the sample used in the survey (60 bottles) was "very small". And the non-publication of the raw data was "awful". Data, he says, can be released and still maintain anonymity.

"I'm not calling these people incorrect; but I think they are inaccurate in so much as they fail to report accurately the limitations of their surveys."

The survey committee is particularly worried that public confidence in surveys will be lost unless proper standards are used to maintain their accuracy and report their limitations.

"Credibility of bona fide surveys will be jeopardised, survey results in general will not be trusted, and ultimately an unco-operative and even hostile public will result," says Deely.

"If you abuse it, you've lost it."

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A SEVEN-MEMBER export opportunity team will be building up shoe leather around the United States for the next month in an effort to increase New Zealand's footwear exports.

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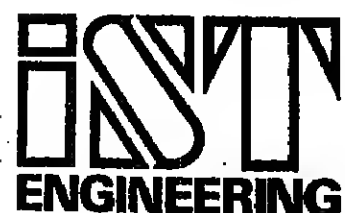
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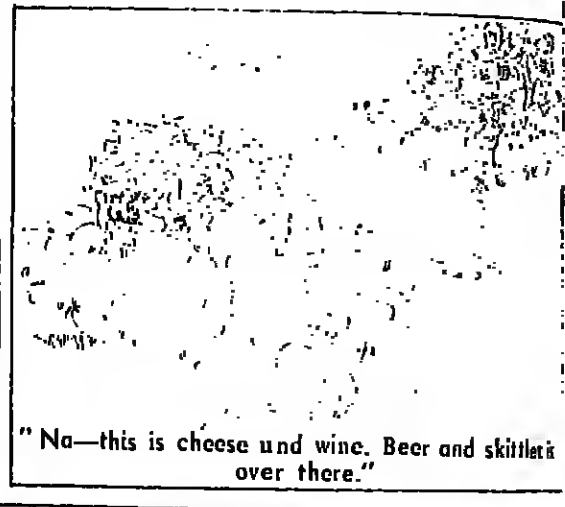
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